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IN THE

Supreme Court of the United States

CONVOLVE, INC. AND MASSACHUSETTS INSTITUTE OF TECHNOLOGY,
Petitioners,

v.

SEAGATE TECHNOLOGY, LLC,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether Section 284 of the Patent Act, which confers discretion on district courts to "increase the damages up to three times the amount found or assessed" for patent infringement, requires a finding of willful infringement, where the statute does not use the term "willful", is not conditioned on culpable conduct or confined to exceptional cases, and is devoid of any standard for awarding increased damages. 35 U.S.C. § 284.

2. Whether Section 284 of the Patent Act, which confers discretion on district courts to award increased damages for patent infringement, is compatible with a categorical rule precluding an entire class of patentees from accruing increased damages based on the infringers' conduct occurring solely after litigation began.

3. Whether there should be a special rule in patent cases permitting selective waiver of attorney-client privilege and work-product protection by accused infringers who assert an advice-of-counsel defense to a charge of willful patent infringement.

PARTIES TO THE PROCEEDING

Petitioners are Convolve, Inc. and Massachusetts Institute of Technology. They were the plaintiffs-respondents in the underlying proceeding.

Respondent is Seagate Technology LLC, which was the defendant-petitioner in the underlying proceeding.

The other defendant in the United States District Court proceeding is Compaq Computer Corp. (now Hewlett Packard Co.). Compaq was not a party to the proceeding in the United States Court of Appeals for the Federal Circuit.

RULE 29.6 CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, petitioner Convolve, Inc. states that it has no parent companies or wholly-owned subsidiaries, and that no public company owns 10% or more of its stock.

Pursuant to Supreme Court Rule 29.6, petitioner Massachusetts Institute of Technology states that it has no parent companies or wholly-owned subsidiaries, and that no public company owns 10% or more of its stock.

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On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

Petitioners Convolve, Inc. and Massachusetts Institute of Technology respectfully petition for a writ of certiorari to review the *en banc* opinion of the United States Court of Appeals for the Federal Circuit entered in this case on August 20, 2007.

OPINIONS BELOW

The *en banc* opinion of the United States Court of Appeals for the Federal Circuit (App. 1a) was entered on August 20, 2007, and is reported at 497 F.3d 1360 (Fed. Cir. 2007) (*en banc*). The *sua sponte en banc* order of the United States Court of Appeals for the Federal Circuit setting out the questions for *en banc* mandamus review (App. 47a) was entered on

January [illegible], 2007, and is reported at 214 Fed. Appx. 997 (Fed. Cir. 2007). The orders of the United States District Court for the Southern District of New York (App. 50a, 51a) were entered on January 12, 2005 and July 12, 2006, and are unreported. These orders affirmed, under Fed. R. Civ. P. 72(a), an opinion of the United States District Court for the Southern District of New York (App. 52a) that was entered on May 28, 2004, and is reported at 224 F.R.D. 98 (S.D.N.Y. 2004).

JURISDICTION

The court of appeals entered its *en banc* decision on August 20, 2007. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTE INVOLVED

The Patent Act, 35 U.S.C. § 1, *et seq.*, provides in relevant part:

> **Sec. 284 Damages**
>
> Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.
>
> When the damages are not found by a jury, the court shall assess them. In either event, the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d) of this title [35 U.S.C. § 154(d)].
>
> The court may receive expert testimony as an aid to the determination of damages or of

> what royalty would be reasonable under the circumstances.

35 U.S.C. § 284.

Other provisions of the Patent Act cited in this petition are reproduced at App. 83a, *infra*.

STATEMENT OF THE CASE

This is an action for patent infringement and other violations of intellectual property rights brought by petitioner Convolve, Inc., which is a small company founded by a self-made inventor, and petitioner Massachusetts Institute of Technology, which is a world-renowned teaching and research university. Jurisdiction in the district court is based on 28 U.S.C. §§ 1332(a)(1), 1338, and 1367(a). Section 284 of the Patent Act governs petitioners' claims for patent infringement damages against respondent Seagate Technology LLC,[1] including petitioners' request that the district court, in its discretion, "increase the damages up to three times the amount found or assessed" for Seagate's infringement. 35 U.S.C. § 284. Seagate has asserted an advice-of-counsel defense to petitioners' willful infringement claims supporting an increased-damage award. Its defense is based on patent counsel opinions that Seagate received, relied on, and disclosed to petitioners after the lawsuit began. Seagate conceded in the district court that its assertion of an advice-of-counsel defense resulted in an express subject-matter waiver

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[1] Compaq Computer Corp., which is a defendant in the United States District Court proceeding, but was not a party to the proceeding in the United States Court of Appeals for the Federal Circuit, also asserted an advice-of-counsel defense to petitioners' willful infringement claims supporting an increased-damage award.

of its attorney-client privilege and work-product protection. The only issue in the district court proceedings was the scope of Seagate's express waiver. Applying longstanding precedent to largely undisputed facts, the district court held that Seagate's defense, based on legal advice obtained by Seagate after it was sued, results in a subject-matter waiver that reaches contemporaneous legal advice obtained from Seagate's other lawyers, including trial counsel. (App. 63a-64a, 67a-68a).

Seagate petitioned the Federal Circuit for the extraordinary writ of mandamus to review the district court's discretionary discovery orders holding that the advice-of-counsel defense, based on post-filing patent counsel opinions, waived attorney-client privilege and work-product protection for contemporaneous trial counsel communications on the same subjects. The Federal Circuit *sua sponte* ordered *en banc* mandamus review. (App. 48a). The *en banc* order set out three questions for review: Questions 1 and 2 addressed whether trial counsel is exempt from the attorney-client privilege and work-product waiver resulting from an infringer's advice-of-counsel defense, while Question 3 addressed the standard for evaluating the court's requirement that an award of increased damages under Section 284 requires a showing of willful infringement. (App. 47a-48a). The issue in Question 3 was not presented to, much less decided by, the district court, and it was not included in the mandamus petition. In answering these questions, the Federal Circuit overruled decades of its own precedent, judicially amended Section 284, and "subject[ed] to review and revision" longstanding "rules concerning privileges" in order to justify "shielding trial counsel from the

waiver stemming from an advice of counsel defense to willfulness." (App. 23a-24a).

Section 284 of the Patent Act vests discretion in district courts to "increase the damages up to three times the amount found or assessed" for the strict-liability offense of patent infringement. 35 U.S.C. § 284. That statute unambiguously omits any requirement conditioning increased damages on willfulness, culpable conduct, or exceptional circumstances. ". . . [A]lthough the enhanced damages clause of [Section 284] 'is devoid of any standard for awarding [such damages]' . . . [the Federal Circuit] has nevertheless read a willfulness standard into the statute." (App. 28a, Gajarsa, J. and Newman, J., concurring, *quoting* App. 10a). Restoring the district court's statutory discretion by eliminating the willfulness requirement judicially engrafted onto Section 284 is "practically dictated" by *GM Corp.* v. *Devex Corp.*, 461 U.S. 648, 649 (1983), in which this Court refused to condition discretionary Section 284 prejudgment interest awards on a showing of bad faith or exceptional circumstances. (App. 33a-34a, Gajarsa, J. and Newman, J., concurring). It is also consistent with this Court's other precedent "stand[ing] for the uncontroversial proposition that a finding of willfulness is *sufficient* to support an award of enhanced damages", but not "*necessary* to support" such an award. (App. 37a, Gajarsa, J. and Newman, J., concurring, emphasis in original).

While the *en banc* opinion continued to read a willfulness standard into Section 284, it explicitly overruled nearly twenty-five years of Federal Circuit precedent defining "the proper legal standard for willful infringement. . . ." (App. 17a). The court's "new willfulness analysis" rejected a "threshold for

willful infringement that is more akin to negligence" and adopted the civil-law definition of "willfulness" "requir[ing] at least a showing of objective recklessness." (App. 16a, 20a). The Federal Circuit defined the new "objective recklessness" standard engrafted onto Section 284 to mean acting "'in the face of an unjustifiably high risk of harm that is either known or so obvious that it should be known.'" (App. 17a, citation omitted). The Federal Circuit thus conditioned recovery of Section 284 increased damages on a showing of intentional or reckless infringement in derogation of the statute's plain text, which unambiguously omits any constraint on district court discretion to award increased damages for patent infringement.

The Federal Circuit built on its judicial amendment of Section 284 to eliminate the district courts' statutory discretion to award increased damages sought by entire classes of patentees. The *en banc* court announced a new, *per se* rule categorically denying increased damages to patentees whose willfulness claims are "based solely on the infringer's post-filing conduct." (App. 22a). The Federal Circuit focused on this patentee class, because their increased-damage claims invite advice-of-counsel defenses that rely on post-filing legal advice and create trial-counsel waivers. The Federal Circuit's solution to "shielding trial counsel from the waiver" was simply to write these cases out of Section 284's increased-damage provision. (App. 23a).

The Federal Circuit recognized, however, that eliminating increased damages in cases "based solely on the infringer's post-filing conduct" would have no effect on petitioners' claims, because they are based primarily on Seagate's pre-filing misconduct.

(App. 22a). In order to shield trial counsel from the waiver in these circumstances, the court engaged in "review and revision" of the "rules concerning privileges" in patent litigation as if bright-line privilege rules applied to patent cases. (App. 23a-24a). It started with the proposition that post-suit legal opinions used in defense of willful infringement and contemporaneous trial counsel communications on the same subjects as the opinions "appear to be of similarly marginal value." (App. 23a). Rather than striking the infringer's "marginal" defense and eliminating the waiver that it created, the Federal Circuit decided instead to maintain the defense, but "shield[] trial counsel from the waiver. . . ." (App. 23a). This inequitable selective-waiver rule conflicts with the near-universal rejection of sword-and-shield privilege abuse in the other circuits, and it unfairly tips the evidentiary playing field heavily in favor of accused willful infringers.

If allowed to stand, the *en banc* Federal Circuit decision would judicially amend Section 284 of the Patent Act, create a new and near-absolute privilege for trial counsel communications within the scope of an express waiver, and break with the other circuits' rejection of selective waivers. Preservation of judicial discretion under Section 284 to establish "[t]he remedial and deterrent purposes of multiplied damages, and their measure for a particular case" is needed to maintain the careful legislative balance between patent protection and overprotection. (App. 45a, Newman, J., concurring). Take it away, and there would be no effective means to "discourage infringement of a patent by anyone thinking that all he would be required to pay [for violating legally-protected patent property rights] would be a royalty." S. Rep. No. 79-1503, at 2 (1946), *reprinted in* 1946

U.S.C.C.A.N. 1386, 1387 (legislative history for the 1946 precursor to 35 U.S.C. § 284). In light of the pressing importance of these issues to administration of the Patent Act, this Court should review the Federal Circuit's *en banc* decision at this time, protect the discretion that Congress has conferred on district courts under 35 U.S.C. § 284, and restore the district courts' discretion to determine the scope of an express advice-of-counsel defense waiver on the facts presented.

STATUTORY FRAMEWORK

Patent infringement is "a strict liability offense" that "can continue after litigation has commenced." (App. 10a, 22a). A successful patentee is entitled to "damages adequate to compensate for the infringement" at least equal to a reasonable royalty, regardless of the infringer's intent, culpability, or motivation. 35 U.S.C. § 284. Under Section 284, the district "court may increase the damages up to three times the amount found or assessed" for patent infringement. *Id.* "Although a trial court's discretion in awarding enhanced damages has a long lineage in patent law, the current statute, like its predecessors, is devoid of any standard for awarding them." (App. 10a). The Federal Circuit "has nevertheless read a willfulness standard into the statute" even though "the language of the statute unambiguously omits any such requirement. . . ." (App. 28a, Gajarsa, J. and Newman, J., concurring).

Discretion in awarding increased damages for patent infringement was originally conferred on district courts under the Act of July 4, 1836, which provided that "it shall be in the power of the court to render judgment for any sum above the amount

found by [the] verdict as the actual damages sustained by the plaintiff, not exceeding three times the amount thereof, according to the circumstances of the case, with costs." Act of July 4, 1836, ch. 357, § 14, 5 Stat. 117, 123; *see also* Act of 1870, ch. 230, § 59, 16 Stat. 198, 207 (1870) (providing that "the court may enter judgment thereon for any sum above the amount found by the verdict as the actual damages sustained, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs"). "Nothing in the phrase 'according to the circumstances of the case' implies that the district court's discretion to award enhanced damages is contingent upon a finding of willfulness." (App. 29a-30a, Gajarsa, J. and Newman, J., concurring).

The 1946 revision to the Patent Act, which first established a "reasonable royalty" as the minimum compensatory damages measure for patent infringement, retained judicial discretion to award treble damages. Act of Aug. 1, 1946, 60 Stat. 778; *see also* S. Rep. No. 79-1503, at 2, 1946 U.S.C.C.A.N. at 1387 (legislative history discussing preservation of judicial "discretion to award triple damages [to] discourage infringement of a patent by anyone thinking that all he would be required to pay . . . would be a royalty"). The current statute, enacted in 1952 and codified at 35 U.S.C. § 284, authorizes judicial discretion to increase damages without any "statutory guide" and without conditioning compensation on a showing of culpable conduct or other exceptional circumstances. (App. 10a-11a); *cf.* 35 U.S.C. § 285 (App. 83a) (expressly providing that a court may award attorney's fees to a prevailing party only "in exceptional cases").

FACTUAL BACKGROUND

The patent holders in this case are Convolve (a small company founded by a self-made inventor) and Massachusetts Institute of Technology (MIT) (a teaching and research university). Convolve's only income-producing assets are its intellectual property, including: (1) an exclusive license for United States Patent No. 4,916,635 (the '635 patent) that issued to MIT in 1990 (disclosing a method to reduce vibration in physical systems developed by Convolve's founder Neil Singer, Ph.D, Warren Seering, Ph.D, and Ken Pasch, Sc.D); and (2) United States Patent No. 6,314,473 (the '473 patent) that issued to Convolve in 2001 (disclosing an application of the methods of shaping inputs to a disk drive and providing a user interface to select between faster seek time or lower noise level).

In early 1998, Convolve began exploring a licensing or other business arrangement with Compaq for Convolve's proprietary technology. Compaq enlisted Seagate, one of its principal disk drive suppliers, to comprehensively evaluate the technology. Believing that its counterparties were engaged in good-faith licensing negotiations, Convolve successfully demonstrated to Seagate and Compaq the pioneering technology covered by MIT's '635 patent and Convolve's later-developed trade secrets as applied to computer disk drives. In June 1999, Convolve disclosed to Seagate certain additional trade secrets that eventually matured into Convolve's '473 patent. Convolve's trade secret disclosures were made in reliance on the parties' written agreements restricting Seagate's and Compaq's use of the confidential disclosures to evaluation and testing for licensing purposes.

When Seagate began to evaluate Convolve's technology, it had nothing in development that rivaled Convolve's inventions. By 1999, internal Seagate documents acknowledged that Convolve's technology was superior to other methods in the works at Seagate for minimizing seek acoustics. Seagate recognized the value of Convolve's pioneering technology, but, rather than pursue a license, Seagate undertook to copy the technology and to pass it off as Seagate's own. Seagate needed time to copy and launch its infringing products. It bought the time by falsely assuring Convolve that petitioners' technology would be licensed if it passed various performance tests that Seagate had devised. Seagate used this ruse to systematically expose its engineers to petitioners' proprietary technology, while inducing Convolve to forgo licensing negotiations with Seagate's competitors. The Seagate engineers, who were assigned to work with Convolve, deliberately and surreptitiously misused Convolve's technology disclosures to develop infringing technologies at Seagate.

As Seagate's internal documents show, the performance test results were impressive by Seagate's own account. Seagate engineers agreed that petitioners' technology reduced disk drive seek noise by 90% or more with no reduction in drive performance, and that overall computer speed was increased up to 15% while still reducing acoustic noise. Having successfully completed these performance tests, Convolve submitted several licensing proposals to Seagate starting in mid-1999. However, Seagate's true intention -- unbeknownst to Convolve -- was to misappropriate petitioners' technologies, and not to license them. Seagate thus perceived Convolve's licensing proposals as a precursor to litigation, and

Seagate's in-house lawyers began to devise willful infringement defenses in anticipation of litigation with petitioners.

In April 2000, Seagate retained a law firm to defend it in the anticipated future lawsuit for patent infringement. One month later in May 2000, Seagate commissioned patent opinion counsel, from a different firm, to produce an exculpatory opinion that Seagate was not infringing MIT's '635 patent. The patent lawyer entrusted with Seagate's willfulness defense was Gerald Sekimura, whose law firm was among Seagate's stable of litigation defense counsel. With trial counsel and patent opinion counsel in place, Seagate commercially launched products containing the misappropriated technology in early June 2000. On July 13, 2000, petitioners filed suit. As of the date of the product launch, Gerald Sekimura had not yet provided any legal opinions to Seagate. Indeed, Seagate did not obtain an opinion from Mr. Sekimura until after the lawsuit was filed.

Ultimately, Seagate received, relied on, and disclosed three Sekimura opinions, dated July 24, 2000, December 29, 2000, and February 21, 2003.[2] Seagate obtained all three opinions after it was sued

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[2] In or about September/October 1999, Seagate's in-house licensing and patent counsel prepared a legal opinion using an in-house engineering review of MIT's '635 patent. Seagate's management used the in-house legal opinion as justification for their decision to proceed without licensing the patented technology. Seagate has asserted an advice-of-counsel defense based on this in-house legal opinion for the period from 1999 until litigation began in July 2000. The *en banc* Federal Circuit "d[id] not address the trial court's discovery orders pertaining to Seagate's in-house counsel" opinions, because the "questions presented for *en banc* review d[id] not encompass this issue." (App. 7a n.2).

for patent infringement. Mr. Sekimura's post-litigation opinions were the product of his close collaboration with Seagate's in-house counsel. These in-house lawyers were Mr. Sekimura's "gateway" through the knowledge base of Seagate. They told Mr. Sekimura which Seagate products to focus on, screened the documents he reviewed, selected the engineers he was allowed to interview, monitored those interviews, and supplied him with lists of prior art references. Nevertheless, Seagate has asserted the attorney-client privilege and work-product doctrine to prevent discovery concerning its in-house lawyers' state-of-knowledge while they were supporting Mr. Sekimura. Evidence that Seagate's in-house counsel withheld facts from Mr. Sekimura, or knew that his opinions were based on false, incomplete, or biased information, is highly relevant to any assessment of the Sekimura opinions' competency and whether Seagate's reliance on them was objectively unreasonable. Information that Seagate's in-house lawyers received from trial counsel during this period, on the same subjects as those addressed in the Sekimura opinions, has been withheld under a blanket claim of trial-counsel immunity from the advice-of-counsel defense waiver.

PROCEEDINGS BELOW

A. The District Court Proceedings

Petitioners sued Seagate and Compaq for infringement of the '635 patent on July 13, 2000; at that time, the '473 patent had not yet issued. After the '473 patent issued to Convolve on November 6, 2001, a claim alleging its infringement was added to the case in an amended complaint filed on January 25, 2002. Petitioners sought awards of increased damages, under Section 284, in both the original and

amended complaints, and both pleadings alleged particularized facts sufficient to show willful infringement.

On February 21, 2003, Seagate notified petitioners of its intent to rely on the Sekimura opinions in defense of willful infringement. Seagate waived its attorney-client privilege and work-product protection by disclosing the opinions, producing Mr. Sekimura's work product, and presenting him for a deposition. (App. 52a). Petitioners pursued discovery relevant to the Sekimura opinions' competency and Seagate's professed reasonable reliance on them. In the course of that discovery, Seagate objected to disclosure of in-house and trial counsel communications on the same subjects as, and contemporaneous with Seagate's reliance on, the Sekimura opinions. The parties' dispute over the scope of Seagate's express waiver was presented to, and decided by, the district court in the orders under review.

In a decision entered on May 28, 2004, the district court held that, because "the opinions that triggered [Seagate's] waiver were not obtained until after the suit commenced", Seagate's express waiver extended into the post-suit period. (App. 65a n.5). The district court carefully weighed petitioners' need for disclosure of Seagate "trial counsel's advice that undermines the reasonableness of [its] reliance on advice of opinion counsel" against Seagate's demand for blanket trial-counsel immunity. (App. 67a). Applying longstanding precedent rejecting selective waiver, the district court concluded that:

> a party that asserts the advice of counsel defense to a claim of willful patent infringement waives the attorney-client privilege as to the subject matter of the advice disclosed. This waiver extends not only to the attorney who rendered

> the opinion creating the waiver, but also to all other attorneys who may have advised or communicated with the client on the same subject matter.

(App. 63a; *see also* App. 64a, holding that Seagate "waived the privilege with respect to all communications [including communicated work product] not only with Mr. Sekimura, but also with its other attorneys, including trial counsel, concerning the subject matter of Mr. Sekimura's advice"). This subject-matter waiver "follows from the general principle that if privileged communications are placed 'in issue' by virtue of claims or defenses in litigation, then a 'broad[] subject matter waiver [of the privilege] is effected.'" (App. 61a, citations omitted). "The rule seeks to promote fairness in patent litigation, since 'it would be fundamentally unfair to allow a party to disclose opinions which support its position, and simultaneously conceal those which are adverse.'" (App. 61a, citation omitted).

The district court invited *in camera* inspection of any documents requiring individual consideration, but Seagate declined the offer. Seagate also refused to provide a court-ordered privilege log. The district court denied Seagate's Fed. R. Civ. P. 72(a) objections to trial-counsel disclosure under the May 28, 2004 Order. (App. 50a; *see also* App. 51a). It further denied Seagate's motion for a stay and its motion for certification of an interlocutory appeal of the fact-dependent, discretionary scope-of-waiver orders. (App. 8a).

B. The Federal Circuit's *En Banc* Opinion

On September 29, 2006, Seagate petitioned for a writ of mandamus in the Court of Appeals for the

Federal Circuit seeking immediate review of the district court's discretionary scope-of-waiver discovery orders as they related to trial counsel. The Federal Circuit *sua sponte* ordered *en banc* review of the mandamus petition "to revisit [its] willfulness doctrine and to address whether waiver resulting from advice of counsel and work product defenses extend[s] to trial counsel." (App. 14a-15a).

The *en banc* order set out three questions for review. (App. 47a-48a). Questions 1 and 2 addressed the district court's scope-of-waiver decision:

> (1) Should a party's assertion of the advice of counsel defense to willful infringement extend waiver of the attorney-client privilege to communications with that party's trial counsel? *See In re EchoStar Commc'ns Corp.*, 448 F.3d 1294 (Fed. Cir. 2006).
>
> (2) What is the effect of any such waiver on work-product immunity?

(App. 47a-48a). Question 3, however, injected a new issue into the proceeding, one that was neither addressed in the district court nor included in the mandamus petition:

> (3) Given the impact of the statutory duty of care standard announced in *Underwater Devices, Inc.* v. *Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983), on the issue of waiver of attorney-client privilege, should this court reconsider the decision in *Underwater Devices* and the duty of care standard itself?

(App. 48a). In the view of the *en banc* court, the *Underwater Devices* decision, cited in Question 3, set a "threshold for willful infringement that is more akin to negligence." (App. 16a).

The *en banc* Federal Circuit first turned to Question 3 in its opinion. While acknowledging that "the issue of willful infringement, or even infringement for that matter, has not been decided by the trial court" (App. 17a), the Federal Circuit nevertheless rejected petitioners' "argument that revisiting [the] willfulness doctrine is either improper or imprudent" on the extraordinary writ of mandamus seeking review of discretionary district court discovery orders. (App. 17a-18a, summarily concluding that "addressing willfulness is neither hypothetical nor advisory").

The Federal Circuit's discussion of "the proper legal standard for willful infringement" duly recognized, but then ignored, the fact that Section 284 of the Patent Act "is devoid of any standard for awarding [increased damages]." (App. 10a, 17a). Although the statute leaves discretion to increase damages "in the capable hands of the district courts" and "unambiguously omits" a willfulness requirement, the "court has nevertheless read a willfulness standard into the statute. . . ." (App. 28a, Gajarsa, J. and Newman, J., concurring). Writing separately, Judge Gajarsa and Judge Newman "express[ed] [their] belief that the court should [have] take[n] the opportunity to eliminate the grafting of willfulness onto section 284." (App. 28a).

The *en banc* Federal Circuit declined, however, to address whether Section 284 increased-damage awards would be appropriate for entirely remedial purposes irrespective of the degree of the infringer's culpability. (App. 7a-8a n. 2). Rather, the court misused mandamus review of discretionary discovery orders, solely related to waiver issues, to overrule decades of unrelated precedent that it viewed as defining "willfulness" as "akin to negligence." (App.

16a). The Federal Circuit imported into Section 284 a new "objective recklessness" standard, together with the court's articulation of that term's civil-law meaning:

> . . . [T]o establish willful infringement, a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. . . . The state of mind of the accused infringer is not relevant to this objective inquiry. If this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer.

(App. 17a). The *en banc* court concluded by saying: "We leave it to future cases to further develop the application of this standard." (App. 17a).

However, the Federal Circuit did not wait for those "future cases" to arise in the ordinary course and in concrete settings. It proceeded instead to apply its "new willfulness analysis" to hypothetical cases involving hypothetical patentees seeking increased damages "based solely on the infringer's post-filing conduct." (App. 20a, 22a). Despite no notice, briefing, district court review, or even oral argument on the subject, the court automatically foreclosed patentees within this class from recovering increased damages if they (1) had obtained a preliminary injunction that "provides an adequate remedy for combating post-filing willful infringement"; or (2) did "not attempt to stop an accused infringer's activities" by moving for a preliminary injunction; or (3) "attempt[ed] to secure injunctive relief but fail[ed]"

to overcome, in the early stages of the case, the "lessened showing" permitting an accused infringer to avoid a preliminary injunction. (App. 22a).

Conditioning Section 284 increased damages on preliminary injunction jurisprudence was not an issue identified for review in the *en banc* order. Nor was it briefed by the parties or addressed in oral argument before the Federal Circuit. Compounding the prejudice to the patentees disenfranchised by the court's *per se* rule is the fact that no member of their class was a party to the Federal Circuit proceeding, and their interests were not represented by petitioners, whose increased-damages claims are *not* "based solely on the infringer's post-filing conduct." (App. 22a). Accordingly, the Federal Circuit's decision is an advisory opinion that nevertheless carries the force of law, because it is an *en banc* decision rendered by a court with nationwide jurisdiction over all patent appeals.

Turning next to *en banc* Questions 1 and 2 relating to the scope-of-waiver, the Federal Circuit began by describing the advice-of-counsel defense as one in which "an accused willful infringer aims to establish that due to reasonable reliance on advice from counsel, its continued accused activities were done in good faith." (App. 12a). The Federal Circuit did not disturb its *en banc* holding in *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH* v. *Dana Corp.*, 383 F.3d 1337 (Fed. Cir. 2004) (*en banc*), confirming that an accused infringer may "choose to waive the privilege and produce the advice of counsel" in defense of willful infringement. *Id.* at 1345. Nor did the court overrule its even more recent decision in *In re EchoStar Commc'ns Corp.*, 448 F.3d 1294 (Fed. Cir.), *cert. denied sub. nom.*, 127 S. Ct. 846 (2006), which

"addressed the scope of waiver resulting from the advice of counsel defense" under traditional waiver principles. (App. 14a). In fact, the *en banc* Federal Circuit reaffirmed *EchoStar*'s noncontroversial holding that "asserting the advice of counsel defense waives work product protection and the attorney-client privilege for all communications on the same subject matter, as well as any documents memorializing attorney-client communications." (App. 14a).

The district court applied these established legal principles to hold that Seagate's advice-of-counsel defense, based on post-filing patent counsel opinions, created an express waiver reaching contemporaneous communications with trial counsel on the same subjects. (App. 63a-64a, 67a-68a). Although the Federal Circuit correctly acknowledged its obligation to "review the trial court's determination of the scope of waiver for an abuse of discretion" (App. 9a), it failed to do so, and it made no express findings under that highly deferential standard. This reflects the court's understanding that traditional waiver jurisprudence would not support "generally shielding trial counsel from the waiver stemming from an advice of counsel defense to willfulness" in this or other similarly situated cases. (App. 23a).

In cases such as this one, willful infringement is mainly based on the infringer's prelitigation conduct, but the infringer does not obtain the patent counsel opinions on which its defense rests until after the lawsuit is filed. The Federal Circuit observed that a willful infringement defense based on post-filing legal opinions, and contemporaneous trial counsel communications on the same subjects as those opinions, "appear to be of similarly marginal value." (App. 23a). But, while the court stopped short of

striking the infringer's "marginal" defense, it nevertheless concluded that contemporaneous trial counsel communications on the same subjects were irrelevant and beyond "the proper scope of discovery." (App. 17a, 23a). The Federal Circuit made no effort to justify the obvious inequity in preserving and permitting a jury to hear a "marginal" defense, while denying patentees full discovery on it. The case was remanded to the district court with instructions to "reconsider its discovery orders in light of this opinion." (App. 27a).

REASONS FOR GRANTING THE PETITION

This case presents questions of exceptional importance to the patent system and the Nation's economy. The *en banc* Federal Circuit decision, with its nationwide application, strips district courts of their statutory discretion to award increased damages for patent infringement under Section 284 of the Patent Act in entire classes of cases. This decision judicially amends the statute, which does not restrict a district court's discretionary authority to award increased damages to any patentee class. The Court should grant certiorari at this time to restore the statutory discretion that Congress vested in the district courts under 35 U.S.C. § 284.

In addition, this case presents an important and recurring question regarding the scope-of-waiver resulting from an accused infringer's advice-of-counsel defense to willful infringement. The *en banc* Federal Circuit has "subject[ed] to review and revision" traditional attorney-client privilege, work-product doctrine, and selective-waiver jurisprudence in order to "generally shield[] trial counsel from the waiver stemming from an advice of counsel defense to

willfulness." (App. 23a-24a). The result, controlling in all patent cases in all district courts, represents a significant, unwarranted departure from long-standing precedents in this Court and in the other circuits. The importance of ensuring the integrity of the adversary system by preserving the rights of parties "to assemble and submit evidence to contradict or explain the opponent's case" and to avoid judgments "predicated on incomplete, misleading, or even deliberately fabricated testimony" establishes a clear need for immediate, definitive guidance from this Court. *Taylor* v. *Illinois*, 484 U.S. 400, 410-412 (1988).

For these reasons, and in recognition of the nationwide impact that the *en banc* Federal Circuit decision will have on all patent litigation involving Section 284 increased-damage claims, the Court should grant certiorari at this time.

I. THE UNAMBIGUOUS LANGUAGE OF SECTION 284 DOES NOT RESTRICT DISTRICT COURTS' DISCRETION TO CASES OF WILLFUL INFRINGEMENT OR ANY OTHER EXCEPTIONAL CIRCUMSTANCES.

Section 284 does not condition increased damages on willfulness, bad faith, or any other exceptional circumstances. The statute's plain text, which the Federal Circuit concedes is "devoid of any standard for awarding" increased damages, does not support the restrictions on recovery imposed by the *en banc* court. (App. 10a). Writing separately, Judge Gajarsa and Judge Newman urged "adher[ance] to the plain meaning of the statute [by] leav[ing] the discretion to enhance damages in the capable hands of the district

courts." (App. 28a, Gajarsa, J. and Newman, J., concurring). Their separate opinions support overruling Federal Circuit precedent that "engraft[s] willfulness onto the statute", thereby "restor[ing] the flexibility of the remedy that is the traditional judicial province." (App. 29a-30a, Gajarsa, J. and Newman, J., concurring).

This Court's reasoning in the *GM* decision "practically dictate[s]" restoring the district court's statutory discretion to award increased damages by overruling the Federal Circuit's willfulness doctrine. (App. 33a-34a, Gajarsa, J. and Newman, J., concurring). In *GM*, this Court declined to condition discretionary Section 284 prejudgment-interest awards on a showing of bad faith or exceptional circumstances:

> On the face of § 284, a court's authority to award interest is not restricted to exceptional circumstances, and there is no warrant for imposing such a limitation. When Congress wished to limit an element of recovery in a patent infringement action, it said so explicitly. With respect to attorney's fees, Congress expressly provided that a court could award such fees to a prevailing party only "in exceptional cases." 35 U.S.C. § 285. The power to award interest was not similarly restricted.

461 U.S. at 649 (footnote omitted). ". . . [T]he rationale underlying the *GM* holding applies with equal force to enhanced damages" provided under the same section of the Patent Act.

> The statutory-language argument applies with equal force to both interest and enhanced damages; just as prejudgment interest may be awarded in other than "exceptional cases" under

> the plain language of the statute, so too may enhanced damages. Moreover, discretionary use of enhanced damages to achieve remedial goals is likewise "consistent with Congress' overriding purpose of affording patent owners complete compensation."

(App. 35a, Gajarsa, J. and Newman, J., concurring, *quoting GM*, 461 U.S. at 655). The *GM* holding is consistent with other precedent in this Court "stand[ing] for the uncontroversial proposition that a finding of willfulness is *sufficient* to support an award of enhanced damages", but it is not "*necessary* to support [such] an award. . . ." (App. 37a, Gajarsa, J. and Newman, J., concurring, emphasis in original; *see also* App. 31a, 40a, Gajarsa, J. and Newman, J., concurring, surveying "interpretations of the precursors to section 284, of section 284 itself, and of any other enhanced damages statutes" and concluding that "discretionary enhancement of damages would be appropriate for entirely remedial reasons, irrespective of the defendant's state of mind"). As in *GM*, this Court should grant the writ of certiorari and restore the district courts' statutory discretion by returning Section 284 to "[t]he remedial and deterrent purposes of multiplied damages" for which it was enacted. (App. 45a, Newman, J., concurring).

II. SECTION 284 IS INCOMPATIBLE WITH THE *EN BANC* FEDERAL CIRCUIT'S ELIMINATION OF DISTRICT COURT DISCRETION TO AWARD INCREASED DAMAGES IN ENTIRE CLASSES OF CASES.

The *en banc* Federal Circuit decision adjudicated the rights of hypothetical patentees seeking "to accrue enhanced damages based solely on the

infringer's post-filing conduct" in reckless infringement cases, even though these patentees were not parties to the proceeding, had no fair notice that the issue would be decided, and were not represented by petitioners, whose willful infringement claims are primarily based on Seagate's misconduct before those claims were filed. (App. 22a).

The Federal Circuit's categorical rule eliminating entire classes of patentees from Section 284's increased-damages remedy is a classic advisory opinion. The court's decision improperly decrees broad rules governing all conceivable future applications of Section 284's increased-damages provision in reckless infringement cases "based solely on the infringer's post-filing conduct." (App. 22a). Applications of a statute, however, should be decided in the context of concrete disputes that give meaning to otherwise abstract and amorphous issues. Such judicial restraint contributes to informed judgments and respects the legislative prerogative. "Musings as to possible applications of a statute to third parties in hypothetical situations may be fitting for the classroom and the statehouse, but they are neither wise nor permissible in the courtroom." *Secretary of State of Md.* v. *Joseph H. Munson Co.*, 467 U.S. 947, 976 (1984) (Rehnquist, J., dissenting).

Not only is the *en banc* decision incompatible with Section 284's plain text, but it is equally incompatible with this Court's reasoning in *eBay Inc.* v. *MercExchange, LLC*, 126 S. Ct. 1837 (2006), striking down categorical rules denying discretionary relief "in a broad swath of cases" under Section 283 of the Patent Act. *Id.* at 1840. The *eBay* decision reversed the Federal Circuit's *per se* injunction rule and restored the district courts' statutory discretion

with respect to injunctions in patent cases. 35 U.S.C. § 283 (App. 83a). Here, as in *eBay*, there is an equally compelling need to preserve the district court's statutory discretion to award increase damages under the Patent Act.

The Federal Circuit's *per se* rule linking statutory increased damages to preliminary injunctive relief in certain classes of cases imposes a particularly heavy, and unfair, burden on self-made inventors, small businesses, and universities that "might reasonably prefer to license their patents, rather than undertake efforts to secure the financing necessary to bring their works to market themselves." *eBay*, 126 S. Ct. at 1840. Until *eBay* was decided in 2006, the Federal Circuit had held that a patent holder's willingness to forgo its right to exclude by licensing the patent "clearly negat[ed]" irreparable harm, thereby precluding injunctive relief. *Polymer Techs., Inc.* v. *Bridwell*, 103 F.3d 970, 975 (Fed. Cir. 1996). Even after *eBay*, individual inventors, small businesses, and universities engaged in licensing patents still must shoulder the heavy burden of demonstrating, *inter alia*, that "remedies available at law, such as monetary damages, are inadequate to compensate for [an irreparable] injury. . . ." *eBay*, 126 S. Ct. at 1839. However, the Federal Circuit's "new willfulness analysis" automatically deprives these patentees of "enhanced damages based solely on the infringer's post-filing conduct" if they have not moved for preliminary injunctions, even if it were highly unlikely that they could have satisfied the irreparable harm requirement. (App. 20a, 22a).

Although the Federal Circuit's decision appears to offer a safe harbor, it is an illusory one. It comes into play only *after* the "patentee [is] denied a preliminary

injunction despite establishing a likelihood of success on the merits, such as when the remaining factors are considered and balanced. In that event, whether a willfulness claim based on conduct occurring solely after litigation began is sustainable will depend on the facts of each case." (App. 23a). For individual inventors, small businesses, and universities seeking to "accrue enhanced damages based solely on the infringer's post-filing conduct", this rule has catastrophic consequences: they must exhaust their scarce resources, endure long delays in satellite litigation over preliminary injunctive relief, and burden district courts with *pro forma* preliminary injunction motions solely to preserve increased-damage claims. (App. 22a).

Application of the Federal Circuit's *per se* rule illustrates the problem with advisory opinions that are not grounded in concrete disputes. The rule applies in reckless infringement cases based solely on what the court loosely described as an infringer's "post-filing conduct", conduct "after litigation began", and conduct "after suit was commenced." (App. 22a-23a). These terms are not self-defining. For example, in cases where a willful infringement claim is first pleaded in an amended complaint, it would seem that the Federal Circuit intended the amended complaint to be the operative pleading that triggers the rule. If, however, the Federal Circuit intended to refer to the original complaint, its holding would offend Article III's case-or-controversy requirement in cases involving amended complaints adding newly-issued patents. Because the patentee's rights to exclude others vest upon issuance and are not retroactive, there would be no subject matter jurisdiction to enjoin possible future infringement of a patent not in existence when the original complaint

was filed. *GAF Bldg. Materials Corp.* v. *Elk Corp. of Dallas*, 90 F.3d 479, 482-483 (Fed. Cir. 1996) ("disputes concerning patent validity and infringement are necessarily hypothetical before patent issuance"). The Federal Circuit's *per se* rule, if read to mean the original complaint under these circumstances, would be unconstitutional as applied.

III. THE FEDERAL CIRCUIT'S SELECTIVE-WAIVER RULE CONFLICTS WITH THE OTHER CIRCUITS' NEAR-UNIVERSAL REJECTION OF "SWORD AND SHIELD" PRIVILEGE ABUSE.

Application of traditional waiver jurisprudence supports the district court's discretionary scope-of-waiver decision. Seagate voluntarily disclosed its patent counsel's opinions, which Seagate received and relied on in defense of willful infringement after the lawsuit was filed (and also after filing of the infringement claim on each patent-in-suit). Seagate thus affirmatively put in issue legal advice received after this lawsuit began. Seagate's advice-of-counsel defense, based on this post-filing advice, defines the scope of waiver resulting from the defense. Having disclosed favorable post-filing legal advice in its defense, Seagate may not withhold less favorable, contemporaneous communications with its other counsel, including trial counsel, on the same subjects. That, at least, was the law in the Federal Circuit (and other circuits) before the court's *en banc* decision. *See EchoStar*, 448 F.3d at 1301; *Fort James Corp.* v. *Solo Cup Co.*, 412 F.3d 1340, 1349 (Fed. Cir. 2005), *cert. denied*, 547 U.S. 1069 (2006).

In its *en banc* decision, the Federal Circuit departed from its own precedent, "review[ed] and

revis[ed]" the "rules concerning privileges", and formulated a "common approach" permitting selective waiver in patent litigation. (App. 20a, 23a-24a). The Federal Circuit's new bright-line test, "generally shielding trial counsel from the waiver stemming from an advice of counsel defense to willfulness" (App. 23a), ignores this Court's admonition that judges should "decline to lay down a broad rule or series of rules to govern all conceivable future questions in this area [of attorney-client privilege], even [if they] were able to do so." *Upjohn Co.* v. *United States*, 449 U.S. 383, 386 (1981). The new patent-privilege and selective-waiver rules announced in this case conflict with the "almost unanimous rejection of selective waiver" in the other circuits, *In re Qwest Commc'ns Int'l, Inc.*, 450 F.3d 1179, 1186 (10th Cir.) (canvassing the circuits), *cert. denied sub nom.*, 127 S. Ct. 584 (2006), and with the Federal Circuit's own prior *en banc* holding in *Knorr-Bremse* "that a special rule affecting attorney-client relationships in patent cases is not warranted." *Knorr-Bremse*, 383 F.3d at 1344.

The Federal Circuit undoubtedly realized that application of precedent rejecting selective waiver would not shield trial counsel communications from discovery in cases such as this one, which involve pre-filing misconduct and post-filing opinions used in defense of willful infringement. The court thus broke with traditional waiver jurisprudence and attempted to supply a reasoned justification for its action by engaging in a flawed relevance analysis. It started with the proposition that post-suit legal opinions used as a willfulness defense and contemporaneous trial counsel communications on the same subjects "appear to be of similarly marginal value." (App. 23a). Rather than striking the "marginal" defense

and eliminating the waiver it created, the Federal Circuit decided instead to maintain the defense, but "shield[] trial counsel from the waiver. . . ." (App. 23a). This is sword-and-shield privilege abuse right down to the court's use of the word "shield."

In any event, this entire analysis has nothing to do with the willfulness standard that the Federal Circuit has read into Section 284. Defining "willfulness" to reach reckless infringement is neither antecedent to, nor dispositive of, whether Seagate's waiver under its advice-of-counsel defense reaches trial counsel. Seagate's knowledge on issues germane to the competency of patent counsel's opinions and to the reasonableness of Seagate's reliance on them in its defense is relevant under any definition of "willfulness."

Although the Federal Circuit did not address intentional infringement in its decision, an infringer's state of mind is obviously relevant to whether it acted intentionally. A reckless infringer's knowledge is no less relevant. An exculpatory legal opinion used as a defense to reckless infringement cannot be objectively reasonable if "material information is intentionally withheld, or the best information is intentionally not made available to counsel during the preparation of the opinion"; in such cases, "the opinion can no longer serve its prophylactic purpose of negating a finding of willful infringement." *Comark Commc'ns, Inc.* v. *Harris Corp.*, 156 F.3d 1182, 1191 (Fed. Cir. 1998). An infringer's reliance on a legal opinion that it knew, or should have known, was compromised is reckless under the court's definition of the term. The fact that trial counsel is the source of the infringer's knowledge does not render irrelevant the facts

conveyed or exempt them from the proper scope of discovery.

The *en banc* Federal Circuit has elevated "the value of a common approach" shielding trial counsel from the waiver above the right of a party "to assemble and submit evidence to contradict or explain the opponent's case." (App. 20a); *Taylor*, 484 U.S. at 410-411. That court's embrace of selective waiver has opened the door to judgments "predicated on incomplete, misleading, or even deliberately fabricated testimony." *Taylor*, 484 U.S. at 411-412. By embedding selective waiver in patent litigation, the Federal Circuit has given willful infringers a powerful defense, potentially tantamount to a presumption, for the price of a patent lawyer's opinion.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Miscellaneous Docket No. 830

IN RE SEAGATE TECHNOLOGY, LLC,
Petitioner.

Brian E. Ferguson and Raphael V. Lupo, McDermott Will & Emery LLP, of Washington, DC, argued for petitioner. With them on the brief were Paul Devinsky and Natalia V. Blinkova. Also on the brief were Terrence P. McMahon, Stephen J. Akerley, Lucy H. Koh, and Mary B. Boyle, of Palo Alto, California.

Debra Brown Steinberg, Cadwalader, Wickersham & Taft LLP, of New York, New York, argued for respondents, Convolve, Inc., and MIT. With her on the brief were James T. Bailey, Tom M. Fini, and Kevin J. McNamee. Of counsel on the brief were Albert L. Jacobs, Jr., Daniel A. Ladow, Adam B. Landa, and Richard E. Kurtz, Greenberg Traurig LLP, of New York, New York.

Carter G. Phillips, Sidley Austin LLP, of Washington, DC, for amici curiae, Adobe Systems Incorporated, et al. With him on the brief was Pankaj Venugopal. Also on the brief were Constantine L. Trela, Jr. and Richard A. Cederoth, of Chicago, Illinois.

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Blair E. Taylor, Venable LLP, of Washington, DC, for amicus curiae, Bar Association of the District of Columbia. With her on the brief was Peter J. Curtin. Of counsel on the brief were Robert C. Bertin and Erin M. Dunston, Bingham McCutchen LLP, of Washington, DC.

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M. Kala Sarvaiya, SoCal IP Law Group LLP, of Westlake Village, California, for amicus curiae, Conejo Valley Bar Association. With him on the brief were Steven C. Sereboff and Mark S. Goldstein.

Alison M. Tucher, Morrison & Foerster LLP of San Francisco, California, for amici curiae, Echostar Communications Corporation, et al. With her on the brief were Harold J. McElhinny, Michael A. Jacobs, and Rachel Krevans. Also on the brief were Charles S. Barquist and Bita Rahebi, of Los Angeles, California.

Joshua D. Sarnoff, Glushko-Samuelson Intellectual Property Law Clinic, Washington College of Law, American University, of Washington, DC, for amici curiae, Electronic Frontier Foundation, et al.

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On Petition for Writ of Mandamus to the United States District Court for the Southern District of New York.

Judge George B. Daniels

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Miscellaneous Docket No. 830

IN RE SEAGATE TECHNOLOGY, LLC,
Petitioner.

DECIDED: August 20, 2007

Before NEWMAN, MAYER, LOURIE, RADER, SCHALL, BRYSON, GAJARSA, LINN, DYK, and PROST, Circuit Judges.*

Opinion for the court filed by Circuit Judge MAYER, in which Circuit Judges NEWMAN, LOURIE, RADER, SCHALL, BRYSON, GAJARSA, LINN, DYK, and PROST join. Concurring opinion filed by Circuit Judge GAJARSA, in which Circuit Judge NEWMAN joins. Concurring opinion filed by Circuit Judge NEWMAN.

MAYER, Circuit Judge.

Seagate Technology, LLC ("Seagate") petitions for a writ of mandamus directing the United States District Court for the Southern District of New York to vacate its orders compelling disclosure of materials and testimony that Seagate claims is covered by the attorney-client privilege and work product protection. We ordered en banc review, and now grant the petition. We overrule Underwater Devices Inc. v.

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* Chief Judge Michel and Circuit Judge Moore took no part in the consideration of the merits of this case.

Morrison-Knudsen Co., 717 F.2d 1380 (1983), and we clarify the scope of the waiver of attorney-client privilege and work product protection that results when an accused patent infringer asserts an advice of counsel defense to a charge of willful infringement.

Background

Convolve, Inc. and the Massachusetts Institute of Technology (collectively "Convolve") sued Seagate on July 13, 2000, alleging infringement of U.S. Patent Nos. 4,916,635 ("the '635 patent") and 5,638,267 ("the '267 patent"). Subsequently, U.S. Patent No. 6,314,473 ("the '473 patent") issued on November 6, 2001, and Convolve amended its complaint on January 25, 2002, to assert infringement of the '473 patent. Convolve also alleged that Seagate willfully infringed the patents.

Prior to the lawsuit, Seagate retained Gerald Sekimura to provide an opinion concerning Convolve's patents, and he ultimately prepared three written opinions. Seagate received the first opinion on July 24, 2000, shortly after the complaint was filed. This opinion analyzed the '635 and '267 patents and concluded that many claims were invalid and that Seagate's products did not infringe. The opinion also considered Convolve's pending International Application WO 99/45535 ("the '535 application"), which recited technology similar to that disclosed in the yet-to-be-issued '473 patent. On December 29, 2000, Sekimura provided an updated opinion to Seagate. In addition to his previous conclusions, this opinion concluded that the '267 patent was possibly unenforceable. Both opinions noted that not all of the patent claims had been reviewed, and that the '535 application required further analysis, which Sekimura recommended postponing until a U.S. patent issued.

On February 21, 2003, Seagate received a third opinion concerning the validity and infringement of the by-then-issued '473 patent. There is no dispute that Seagate's opinion counsel operated separately and independently of trial counsel at all times.

In early 2003, pursuant to the trial court's scheduling order, Seagate notified Convolve of its intent to rely on Sekimura's three opinion letters in defending against willful infringement, and it disclosed all of his work product and made him available for deposition. Convolve then moved to compel discovery of any communications and work product of Seagate's other counsel, including its trial counsel.[1] On May 28, 2004, the trial court concluded that Seagate waived the attorney-client privilege for all communications between it and any counsel, including its trial attorneys and in-house counsel,[2] concerning the subject matter

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[1] Specifically, Convolve sought to obtain the following:

> internal communications on the same subjects as the formal [Sekimura] opinions, communications between Seagate and any attorneys on the same subjects as the formal opinions, documents reflecting outside counsel's opinion as to the same subjects of the formal opinions, documents reviewed or considered, or forming the basis for outside counsel's opinion as to the subject matter of the formal opinions, and documents reflecting when oral communications concerning the subjects of the opinions occurred between Compaq and outside counsel.

Convolve, Inc. v. Compaq Comp. Corp., 224 F.R.D. 98, 101 (S.D.N.Y. 2004).

[2] We do not address the trial court's discovery orders pertaining to Seagate's in-house counsel. The questions presented for en banc review do not encompass this issue. See Kirkendall v. Dep't of the Army, 479 F.3d 830, 835 n.2 (Fed. Cir. 2007) (en banc) ("As a general rule, the scope of our en banc review is limited to the issues set out in the en banc order."). That is not remarkable because Seagate's petition sought relief only as to

of Sekimura's opinions, i.e., infringement, invalidity, and enforceability. It further determined that the waiver began when Seagate first gained knowledge of the patents and would last until the alleged infringement ceased. Accordingly, the court ordered production of any requested documents and testimony concerning the subject matter of Sekimura's opinions. It provided for in camera review of documents relating to trial strategy, but said that any advice from trial counsel that undermined the reasonableness of relying on Sekimura's opinions would warrant disclosure. The court also determined that protection of work product communicated to Seagate was waived.

Based on these rulings, Convolve sought production of trial counsel opinions relating to infringement, invalidity, and enforceability of the patents, and also noticed depositions of Seagate's trial counsel. After the trial court denied Seagate's motion for a stay and certification of an interlocutory appeal, Seagate petitioned for a writ of mandamus. We stayed the discovery orders and, recognizing the functional relationship between our willfulness jurisprudence and the practical dilemmas faced in the areas of attorney-client privilege and work product protection, sua sponte ordered en banc review of the petition. The en banc order set out the following questions:

1. Should a party's assertion of the advice of counsel defense to willful infringement extend waiver of the attorney-client privilege to communications with that party's trial counsel?

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trial counsel. Moreover, the nature and role of in-house counsel in this litigation is entirely unclear on the record before us. For the same reason, we do not address the separate opinion of Judge Gajarsa, post.

See In re EchoStar Commc'n Corp., 448 F.3d 1294 (Fed. Cir. 2006).

2. What is the effect of any such waiver on work-product immunity?

3. Given the impact of the statutory duty of care standard announced in Underwater Devices, Inc. v. Morrison-Knudsen Co., 717 F.2d 1380 (Fed. Cir. 1983), on the issue of waiver of attorney-client privilege, should this court reconsider the decision in Underwater Devices and the duty of care standard itself?

In re Seagate Tech., LLC, Misc. Docket No. 830 (Fed. Cir. Jan. 26, 2007).

Mandamus

A party seeking a writ of mandamus bears the burden of proving that it has no other means of attaining the relief desired, Mallard v. U.S. Dist. Court for the S. Dist. of Iowa, 490 U.S. 296, 309 (1989), and that the right to issuance of the writ is "clear and indisputable," Allied Chem. Corp. v. Daiflon, Inc., 449 U.S. 33, 35 (1980). In appropriate cases, a writ of mandamus may issue "to prevent the wrongful exposure of privileged communications." In re Regents of the Univ. of Cal., 101 F.3d 1386, 1387 (Fed. Cir. 1996). Specifically, "mandamus review may be granted of discovery orders that turn on claims of privilege when (1) there is raised an important issue of first impression, (2) the privilege would be lost if review were denied until final judgment, and (3) immediate resolution would avoid the development of doctrine that would undermine the privilege." Id. at 1388. This case meets these criteria.

We review the trial court's determination of the scope of waiver for an abuse of discretion. In re

Echostar Commc'ns. Corp., 448 F.3d 1294, 1300 (Fed. Cir. 2006); In re Pioneer Hi-Bred Int'l, Inc., 238 F.3d 1370, 1373 n.2 (Fed. Cir. 2001). Because willful infringement and the scope of waiver accompanying the advice of counsel defense invoke substantive patent law, we apply the law of this circuit. Echostar, 448 F.3d at 1298.

Discussion

Because patent infringement is a strict liability offense, the nature of the offense is only relevant in determining whether enhanced damages are warranted. Although a trial court's discretion in awarding enhanced damages has a long lineage in patent law,[3] the current statute, similar to its predecessors, is devoid of any standard for awarding them.[4] Absent

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[3] Trial courts have had statutory discretion to enhance damages for patent infringement since 1836. 35 U.S.C. § 284 (2000); Act of Aug. 1, 1946, 60 Stat. 778; Patent Act of 1870, ch. 230, § 59, 16 Stat. 198, 207 (1870) (providing that "the court may enter judgment thereon for any sum above the amount found by the verdict as the actual damages sustained, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs"); Patent Act of 1836, ch. 357, 5 Stat. 117 (1836) (stating that "it shall be in the power of the court to render judgment for any sum above the amount found by such verdict . . . not exceeding three times the amount thereof, according to the circumstances of the case").

[4] The current statute, enacted in 1952 and codified at 35 U.S.C. § 284, provides:

> Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.
>
> When the damages are not found by a jury, the court shall assess them. In either event the court may increase the

a statutory guide, we have held that an award of enhanced damages requires a showing of willful infringement. Beatrice Foods Co. v. New England Printing & Lithographing Co., 923 F.2d 1576, 1578 (Fed. Cir. 1991); see also Jurgens v. CBK, Ltd., 80 F.3d 1566, 1570 (Fed. Cir. 1996) (holding that bad faith infringement, which is a type of willful infringement, is required for enhanced damages). This well-established standard accords with Supreme Court precedent. See Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 479, 508 (1961) (enhanced damages were available for willful or bad faith infringement); see also Dowling v. United States, 473 U.S. 207, 227 n.19 (1985) (enhanced damages are available for "willful infringement"); Seymour v. McCormick, 57 U.S. 480, 489 (1853) ("wanton or malicious" injury could result in exemplary damages). But, a finding of willfulness does not require an award of enhanced damages; it merely permits it. See 35 U.S.C. § 284; Odetics, Inc. v. Storage Tech. Corp., 185 F.3d 1259, 1274 (Fed. Cir. 1999); Jurgens, 80 F.3d at 1570.

This court fashioned a standard for evaluating willful infringement in Underwater Devices Inc. v. Morrison-Knudsen Co., 717 F.2d 1380, 1389-90 (Fed. Cir. 1983): "Where . . . a potential infringer has actual notice of another's patent rights, he has an affirmative duty to exercise due care to determine whether or not he is infringing. Such an affirmative

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damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d) of this title.

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

duty includes, inter alia, the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity." (citations omitted). This standard was announced shortly after the creation of the court, and at a time "when widespread disregard of patent rights was undermining the national innovation incentive." Knorr-Bremse Systeme Fuer Nutzfahreuge GmbH v. Dana Corp., 383 F.3d 1337, 1343 (Fed. Cir. 2004) (en banc) (citing Advisory Committee on Industrial Innovation Final Report, Dep't of Commerce (Sep. 1979)). Indeed, in Underwater Devices, an attorney had advised the infringer that "[c]ourts, in recent years, have—in patent infringement cases—found [asserted patents] invalid in approximately 80% of the cases," and on that basis the attorney concluded that the patentee would not likely sue for infringement. 717 F.2d at 1385. Over time, our cases evolved to evaluate willfulness and its duty of due care under the totality of the circumstances, and we enumerated factors informing the inquiry. E.g., Read Corp. v. Portec, Inc., 970 F.2d 816, 826-27 (Fed. Cir. 1992); Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 1110 (Fed. Cir. 1986).

In light of the duty of due care, accused willful infringers commonly assert an advice of counsel defense. Under this defense, an accused willful infringer aims to establish that due to reasonable reliance on advice from counsel, its continued accused activities were done in good faith. Typically, counsel's opinion concludes that the patent is invalid, unenforceable, and/or not infringed. Although an infringer's reliance on favorable advice of counsel, or conversely his failure to proffer any favorable advice, is not dispositive of the willfulness inquiry, it is crucial to the analysis. E.g., Electro Med. Sys., S.A. v.

Cooper Life Scis., Inc., 34 F.3d 1048, 1056 (Fed. Cir. 1994) ("Possession of a favorable opinion of counsel is not essential to avoid a willfulness determination; it is only one factor to be considered, albeit an important one.").

Since Underwater Devices, we have recognized the practical concerns stemming from our willfulness doctrine, particularly as related to the attorney-client privilege and work product doctrine. For instance, Quantum Corp. v. Plus Development Corp., 940 F.2d 642, 643 (Fed. Cir. 1991), observed that "[p]roper resolution of the dilemma of an accused infringer who must choose between the lawful assertion of the attorney-client privilege and avoidance of a willfulness finding if infringement is found, is of great importance not only to the parties but to the fundamental values sought to be preserved by the attorney-client privilege." We cautioned there that an accused infringer "should not, without the trial court's careful consideration, be forced to choose between waiving the privilege in order to protect itself from a willfulness finding, in which case it may risk prejudicing itself on the question of liability, and maintaining the privilege, in which case it may risk being found to be a willful infringer if liability is found." Id. at 643-44. We advised that in camera review and bifurcating trials in appropriate cases would alleviate these concerns. Id. However, such procedures are often considered too onerous to be regularly employed.

Recently, in Knorr-Bremse, we addressed another outgrowth of our willfulness doctrine. Over the years, we had held that an accused infringer's failure to produce advice from counsel "would warrant the conclusion that it either obtained no advice of counsel

or did so and was advised that its [activities] would be an infringement of valid U.S. Patents." Knorr-Bremse, 383 F.3d at 1343 (quoting Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 1580 (Fed. Cir. 1986)). Recognizing that this inference imposed "inappropriate burdens on the attorney-client relationship," id., we held that invoking the attorney-client privilege or work product protection does not give rise to an adverse inference, id. at 1344-45. We further held that an accused infringer's failure to obtain legal advice does not give rise to an adverse inference with respect to willfulness. Id. at 1345-46.

More recently, in Echostar we addressed the scope of waiver resulting from the advice of counsel defense. First, we concluded that relying on in-house counsel's advice to refute a charge of willfulness triggers waiver of the attorney-client privilege. Echostar, 448 F.3d at 1299. Second, we held that asserting the advice of counsel defense waives work product protection and the attorney-client privilege for all communications on the same subject matter, as well as any documents memorializing attorney-client communications. Id. at 1299, 1302-03. However, we held that waiver did not extend to work product that was not communicated to an accused infringer. Id. at 1303-04. Echostar did not consider waiver of the advice of counsel defense as it relates to trial counsel.

In this case, we confront the willfulness scheme and its functional relationship to the attorney-client privilege and work product protection. In light of Supreme Court opinions since Underwater Devices and the practical concerns facing litigants under the current regime, we take this opportunity to revisit our willfulness doctrine and to address whether waiver resulting from advice of counsel and work

product defenses extend to trial counsel. See Knorr-Bremse, 383 F.3d at 1343-44.

I. Willful Infringement

The term willful is not unique to patent law, and it has a well-established meaning in the civil context. For instance, our sister circuits have employed a recklessness standard for enhancing statutory damages for copyright infringement. Under the Copyright Act, a copyright owner can elect to receive statutory damages, and trial courts have discretion to enhance the damages, up to a statutory maximum, for willful infringement. 17 U.S.C. § 504(c). Although the statute does not define willful, it has consistently been defined as including reckless behavior. See, e.g., Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 112 (2d Cir. 2001) ("Willfulness in [the context of statutory damages for copyright infringement] means that the defendant 'recklessly disregarded' the possibility that 'its conduct represented infringement.'") (quoting Hamil Am., Inc. v. GFI, Inc., 193 F.3d 92, 97 (2d Cir. 1999) (additional citations omitted)); Wildlife Express Corp. v. Carol Wright Sales, 18 F.3d 502, 511-12 (7th Cir. 1994) (same); RCA/Ariola Int'l, Inc. v. Thomas & Grayston Co., 845 F.2d 773, 779 (8th Cir. 1988) (same); see also eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837, 1840 (2006) (noting with approval that its resolution of the permanent injunction standard in the patent context created harmony with copyright law).

Just recently, the Supreme Court addressed the meaning of willfulness as a statutory condition of civil liability for punitive damages. Safeco Ins. Co. of Am. v. Burr, 551 U.S. ___, Nos. 06-84, -100, slip op. (June 4, 2007). Safeco involved the Fair Credit Reporting Act ("FCRA"), which imposes civil liability

for failure to comply with its requirements. Whereas an affected consumer can recover actual damages for negligent violations of the FCRA, 15 U.S.C. § 1681o(a), he can also recover punitive damages for willful ones, 15 U.S.C. § 1681n(a). Addressing the willfulness requirement in this context, the Court concluded that the "standard civil usage" of "willful" includes reckless behavior. Id., slip op. at 7; accord McLaughlin v. Richland Shoe Co., 486 U.S. 128, 132-33 (1988) (concluding that willful violations of the Fair Labor Standards Act include reckless violations); Trans World Airlines, Inc. v. Thurston, 469 U.S. 111, 128 (1985). Significantly, the Court said that this definition comports with the common law usage, "which treated actions in 'reckless disregard' of the law as 'willful' violations." Id., slip op. at 7 (citing W. Keeton, D. Dobbs, R. Keeton, & D. Owen, Prosser and Keeton on Law of Torts § 34, p. 212 (5th ed. 1984)).

In contrast, the duty of care announced in Underwater Devices sets a lower threshold for willful infringement that is more akin to negligence. This standard fails to comport with the general understanding of willfulness in the civil context, Richland Shoe Co., 486 U.S. at 133 ("The word 'willful' . . . is generally understood to refer to conduct that is not merely negligent."), and it allows for punitive damages in a manner inconsistent with Supreme Court precedent, see, e.g., Safeco, slip op. at 6-7, 18-19, 21 n.20; Smith v. Wade, 461 U.S. 30, 39-49 (1983). Accordingly, we overrule the standard set out in Underwater Devices and hold that proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness. Because we abandon the affirmative duty of due care, we also reemphasize that there is no affirmative obligation to obtain opinion of counsel.

We fully recognize that "the term [reckless] is not self-defining." Farmer v. Brennan, 511 U.S. 825, 836 (1994). However, "[t]he civil law generally calls a person reckless who acts . . . in the face of an unjustifiably high risk of harm that is either known or so obvious that it should be known." Id. (citing Prosser and Keeton § 34, pp. 213-14; Restatement (Second) of Torts § 500 (1965)). Accordingly, to establish willful infringement, a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. See Safeco, slip op. at 19 ("It is [a] high risk of harm, objectively assessed, that is the essence of recklessness at common law."). The state of mind of the accused infringer is not relevant to this objective inquiry. If this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer. We leave it to future cases to further develop the application of this standard.[5]

Finally, we reject the argument that revisiting our willfulness doctrine is either improper or imprudent, as Convolve contends. The ultimate dispute in this case is the proper scope of discovery. While it is true that the issue of willful infringement, or even infringement for that matter, has not been decided by the trial court, it is indisputable that the proper legal standard for willful infringement informs the relevance of evidence relating to that issue and, more

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[5] We would expect, as suggested by Judge Newman, post at 2, that the standards of commerce would be among the factors a court might consider.

importantly here, the proper scope of discovery. See United States Nat'l Bank of Or. v. Indep. Ins. Agents of Am., Inc., 508 U.S. 439, 447 (1993) ("[A] court may consider an issue 'antecedent to . . . and ultimately dispositive of the dispute before it, even an issue the parties fail to identify and brief." (quoting Arcadia v. Ohio Power Co., 498 U.S. 73, 77 (1990))); see also Fed. R. Civ. Pro. R. 26(b) (limiting discovery to relevant, not necessarily admissible, information); accord Singleton v. Wulff, 428 U.S. 106, 121 (1976) ("The matter of what questions may be taken up and resolved for the first time on appeal is one left primarily to the discretion of the courts of appeals, to be exercised on the facts of individual cases."); Forshey v. Principi, 284 F.3d 1335, 1355-59 (Fed. Cir. 2002) (en banc). Accordingly, addressing willfulness is neither hypothetical nor advisory.

II. Attorney-Client Privilege

We turn now to the appropriate scope of waiver of the attorney-client privilege resulting from an advice of counsel defense asserted in response to a charge of willful infringement. Recognizing that it is "the oldest of the privileges for confidential communications known to the common law," we are guided by its purpose "to encourage full and frank communication between attorneys and their clients and thereby promote broader public interests in the observance of law and administration of justice." Upjohn Co. v. United States, 449 U.S. 383, 389 (1981). The privilege also "recognizes that sound legal advice or advocacy serves public ends and that such advice or advocacy depends upon the lawyer's being fully informed by the client." Id.

The attorney-client privilege belongs to the client, who alone may waive it. E.g., Knorr-Bremse, 383 F.3d

at 1345; Am. Standard, Inc. v. Pfizer, Inc., 828 F.2d 734, 745 (Fed. Cir. 1987). "The widely applied standard for determining the scope of a waiver . . . is that the waiver applies to all other communications relating to the same subject matter." Fort James Corp. v. Solo Cup Corp., 412 F.3d 1340, 1349 (Fed. Cir. 2005). This broad scope is grounded in principles of fairness and serves to prevent a party from simultaneously using the privilege as both a sword and a shield; that is, it prevents the inequitable result of a party disclosing favorable communications while asserting the privilege as to less favorable ones. Echostar, 448 F.3d at 1301; Fort James, 412 F.3d at 1349. Ultimately, however, "[t]here is no bright line test for determining what constitutes the subject matter of a waiver, rather courts weigh the circumstances of the disclosure, the nature of the legal advice sought and the prejudice to the parties of permitting or prohibiting further disclosures." Fort James, 412 F.3d at 1349-50.

In considering the scope of waiver resulting from the advice of counsel defense, district courts have reached varying results with respect to trial counsel. Some decisions have extended waiver to trial counsel, e.g., Informatica Corp. v. Bus. Objects Data Integration, Inc., 454 F. Supp. 2d 957 (N.D. Cal. 2006), whereas others have declined to do so, e.g., Collaboration Props., Inc. v. Polycom, Inc., 224 F.R.D. 473, 476 (N.D. Cal 2004); Ampex Corp. v. Eastman Kodak Co., 2006 U.S. Dist. LEXIS 48702 (D. Del. July 17, 2006). Still others have taken a middle ground and extended waiver to trial counsel only for communications contradicting or casting doubt on the opinions asserted. E.g., Intex Recreation Corp. v. Team Worldwide Corp., 439 F. Supp. 2d 46 (D.D.C. 2006); Beneficial Franchise Co., Inc. v. Bank One, N.A., 205

F.R.D. 212 (N.D. Ill. 2001); Micron Separations, Inc. v. Pall Corp., 159 F.R.D. 361 (D. Mass. 1995).

Recognizing the value of a common approach and in light of the new willfulness analysis set out above, we conclude that the significantly different functions of trial counsel and opinion counsel advise against extending waiver to trial counsel. Whereas opinion counsel serves to provide an objective assessment for making informed business decisions, trial counsel focuses on litigation strategy and evaluates the most successful manner of presenting a case to a judicial decision maker. And trial counsel is engaged in an adversarial process. We previously recognized this distinction with respect to our prior willfulness standard in Crystal Semiconductor Corp. v. TriTech Microelectronics International, Inc., 246 F.3d 1336, 1352 (Fed. Cir. 2001), which concluded that "defenses prepared [by litigation counsel] for a trial are not equivalent to the competent legal opinion of non-infringement or invalidity which qualify as 'due care' before undertaking any potentially infringing activity." Because of the fundamental difference between these types of legal advice, this situation does not present the classic "sword and shield" concerns typically mandating broad subject matter waiver. Therefore, fairness counsels against disclosing trial counsel's communications on an entire subject matter in response to an accused infringer's reliance on opinion counsel's opinion to refute a willfulness allegation.

Moreover, the interests weighing against extending waiver to trial counsel are compelling. The Supreme Court recognized the need to protect trial counsel's thoughts in Hickman v. Taylor, 329 U.S. 495, 510-11 (1947):

> [I]t is essential that a lawyer work with a certain degree of privacy, free from unnecessary intrusion by opposing parties and their counsel. Proper preparation of a client's case demands that he assemble information, sift what he considers to be the relevant from the irrelevant facts, prepare his legal theories and plan his strategy without undue and needless interference. That is the historical and the necessary way in which lawyers act within the framework of our system of jurisprudence to promote justice and to protect their clients' interests.

The Court saw that allowing discovery of an attorney's thoughts would result in "[i]nefficiency, unfairness and sharp practices," that "[t]he effect on the legal profession would be demoralizing" and thus "the interests of the clients and the cause of justice would be poorly served." Id. at 511. Although Hickman concerned work product protection, the attorney-client privilege maintained with trial counsel raises the same concerns in patent litigation. In most cases, the demands of our adversarial system of justice will far outweigh any benefits of extending waiver to trial counsel. See Jaffee v. Redmond, 518 U.S. 1, 9 (1996) ("Exceptions from the general rule disfavoring testimonial privileges may be justified, however, by a 'public good transcending the normally predominant principle of utilizing all rational means for ascertaining the truth.'" (quoting Trammel, 445 U.S. 40, 50 (1980) (quoting Elkins v. United States, 364 U.S. 206 (1960) (Frankfurter, J., dissenting))) (additional internal quotation marks omitted).

Further outweighing any benefit of extending waiver to trial counsel is the realization that in ordinary circumstances, willfulness will depend on an in-

fringer's prelitigation conduct. It is certainly true that patent infringement is an ongoing offense that can continue after litigation has commenced. However, when a complaint is filed, a patentee must have a good faith basis for alleging willful infringement. Fed. R. Civ. Pro. 8, 11(b). So a willfulness claim asserted in the original complaint must necessarily be grounded exclusively in the accused infringer's prefiling conduct. By contrast, when an accused infringer's post-filing conduct is reckless, a patentee can move for a preliminary injunction, which generally provides an adequate remedy for combating post-filing willful infringement. See 35 U.S.C. § 283; Amazon.com, Inc. v. Barnesandnoble.com, Inc., 239 F.3d 1343, 1350 (Fed. Cir. 2001). A patentee who does not attempt to stop an accused infringer's activities in this manner should not be allowed to accrue enhanced damages based solely on the infringer's post-filing conduct. Similarly, if a patentee attempts to secure injunctive relief but fails, it is likely the infringement did not rise to the level of recklessness.

We fully recognize that an accused infringer may avoid a preliminary injunction by showing only a substantial question as to invalidity, as opposed to the higher clear and convincing standard required to prevail on the merits. Amazon.com, 239 F.3d at 1359 ("Vulnerability is the issue at the preliminary injunction stage, while validity is the issue at trial. The showing of a substantial question as to invalidity thus requires less proof than the clear and convincing showing necessary to establish invalidity itself."). However, this lessened showing simply accords with the requirement that recklessness must be shown to recover enhanced damages. A substantial question about invalidity or infringement is likely sufficient

not only to avoid a preliminary injunction, but also a charge of willfulness based on post-filing conduct.

We also recognize that in some cases a patentee may be denied a preliminary injunction despite establishing a likelihood of success on the merits, such as when the remaining factors are considered and balanced. In that event, whether a willfulness claim based on conduct occurring solely after litigation began is sustainable will depend on the facts of each case.

Because willful infringement in the main must find its basis in prelitigation conduct, communications of trial counsel have little, if any, relevance warranting their disclosure, and this further supports generally shielding trial counsel from the waiver stemming from an advice of counsel defense to willfulness. Here, the opinions of Seagate's opinion counsel, received after suit was commenced, appear to be of similarly marginal value. Although the reasoning contained in those opinions ultimately may preclude Seagate's conduct from being considered reckless if infringement is found, reliance on the opinions after litigation was commenced will likely be of little significance.

In sum, we hold, as a general proposition, that asserting the advice of counsel defense and disclosing opinions of opinion counsel do not constitute waiver of the attorney-client privilege for communications with trial counsel. We do not purport to set out an absolute rule. Instead, trial courts remain free to exercise their discretion in unique circumstances to extend waiver to trial counsel, such as if a party or counsel engages in chicanery. We believe this view comports with Supreme Court precedent, which has made clear that rules concerning privileges are sub-

ject to review and revision, when necessary. See Jaffee, 518 U.S. at 9 (noting that federal courts are "to 'continue the evolutionary development of testimonial privileges.'" (quoting Trammel, 445 U.S. at 47)).

III. Work Product Protection

An advice of counsel defense asserted to refute a charge of willful infringement may also implicate waiver of work product protection. Again, we are here confronted with whether this waiver extends to trial counsel's work product. We hold that it does not, absent exceptional circumstances.

The work product doctrine is "designed to balance the needs of the adversary system: promotion of an attorney's preparation in representing a client versus society's general interest in revealing all true and material facts to the resolution of a dispute." In re Martin Marietta Corp., 856 F.2d 619, 624 (4th Cir. 1988). Unlike the attorney-client privilege, which provides absolute protection from disclosure, work product protection is qualified and may be overcome by need and undue hardship. Fed. R. Civ. Pro. 26(b)(3). However, the level of need and hardship required for discovery depends on whether the work product is factual, or the result of mental processes such as plans, strategies, tactics, and impressions, whether memorialized in writing or not. Whereas factual work product can be discovered solely upon a showing of substantial need and undue hardship, mental process work product is afforded even greater, nearly absolute, protection. See id.; Upjohn Co. v. United States, 449 U.S. 383, 400 (1981); Holmgren v. State Farm Mut. Auto. Ins., 976 F.2d 573, 577 (9th Cir. 1992) (holding that work product "may be discovered and admitted when mental impressions are at issue in a

case and the need for the material is compelling"); see also Office of Thrift Supervision v. Vinson & Elkins, LLP, 124 F.3d 1304, 1307 (D.C. Cir. 1997) ("virtually undiscoverable"). But see Nat'l Union Fire Ins. Co. v. Murray Sheet Metal Co., 967 F.2d 980, 984 (4th Cir. 1992) ("'absolutely' immune from discovery").

Like the attorney-client privilege, however, work product protection may be waived. United States v. Nobles, 422 U.S. 225, 239 (1975). Here, the same rationale generally limiting waiver of the attorney-client privilege with trial counsel applies with even greater force to so limiting work product waiver because of the nature of the work product doctrine. Protecting lawyers from broad subject matter of work product disclosure "strengthens the adversary process, and . . . may ultimately and ideally further the search for the truth." Martin Marietta, 856 F.2d at 626; accord Echostar, 448 F.3d at 1301 ("[W]ork-product immunity . . . promotes a fair and efficient adversarial system . . . ."); Coastal States Gas Corp. v. Dep't of Energy, 617 F.2d 854, 864 (D.C. Cir. 1980) ("The purpose of the privilege, however, is not to protect any interest of the attorney . . . but to protect the adversary trial process itself. It is believed that the integrity of our system would suffer if adversaries were entitled to probe each other's thoughts and plans concerning the case."). In addition, trial counsel's mental processes, which fall within Convolve's discovery requests, enjoy the utmost protection from disclosure; a scope of waiver commensurate with the nature of such heightened protection is appropriate. See Martin Marietta, 856 F.2d at 625-26.

The Supreme Court has approved of narrowly restricting the scope of work product waiver. In United States v. Nobles, a criminal case, an accused armed

robber presented the testimony of an investigator in an attempt to discredit the two eyewitnesses. When they testified for the prosecution, the defense attorney relied on the investigator's report in cross-examining the eyewitnesses. 422 U.S. at 227. After the prosecution rested, the defense attempted to call the investigator to testify. The trial court, however, ruled that if the investigator testified, his affirmative testimony would mandate disclosure of the portions of his report relating to his testimony. Id. at 229. The Supreme Court agreed that the investigator's affirmative testimony waived work product protection, but it approvingly noted the "quite limited" scope of waiver imposed by the trial court and its refusal to allow a general "fishing expedition" into the defense files or even the investigator's report. Id. at 239-40. Similarly, Convolve has been granted access to the materials relating to Seagate's opinion counsel's opinion, and he was made available for deposition. The extent of this waiver accords with the principles and spirit of Nobles.

Accordingly, we hold that, as a general proposition, relying on opinion counsel's work product does not waive work product immunity with respect to trial counsel. Again, we leave open the possibility that situations may arise in which waiver may be extended to trial counsel, such as if a patentee or his counsel engages in chicanery. And, of course, the general principles of work product protection remain in force, so that a party may obtain discovery of work product absent waiver upon a sufficient showing of need and hardship, bearing in mind that a higher burden must be met to obtain that pertaining to mental processes. See Fed. R. Civ. Pro. 26(b)(3).

Finally, the work product doctrine was partially codified in Rule 26(b)(3) of the Federal Rules of Civil Procedure, which applies work product protection to "documents and tangible things." Courts continue to apply Hickman v. Taylor, 329 U.S. 495, to "nontangible" work product. See, e.g., In re Cendant Corp. Sec. Litig., 343 F.3d 658, 662-63 (3d Cir. 2003); United States v. One Tract of Real Property, 95 F.3d 422, 428 n.10 (6th Cir. 1996). This is relevant here because Convolve sought to depose Seagate's trial counsel. We agree that work product protection remains available to "nontangible" work product under Hickman. Otherwise, attorneys' files would be protected from discovery, but attorneys themselves would have no work product objection to depositions.

Conclusion

Accordingly, Seagate's petition for a writ of mandamus is granted, and the district court will reconsider its discovery orders in light of this opinion.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Miscellaneous Docket No. 830

IN RE SEAGATE TECHNOLOGY, LLC,
Petitioner.

GAJARSA, Circuit Judge, concurring, with whom Circuit Judge NEWMAN joins.

I agree with the court's decision to grant the writ of mandamus; however, I write separately to express my belief that the court should take the opportunity to eliminate the grafting of willfulness onto section 284. As the court's opinion points out, although the enhanced damages clause of that section "is devoid of any standard for awarding [such damages]," ante at 6, this court has nevertheless read a willfulness standard into the statute, see, e.g., Beatrice Foods Co. v. New England Printing & Lithographing Co., 923 F.2d 1576, 1578 (Fed. Cir. 1991); Leesona Corp. v. United States, 599 F.2d 958, 969 (Ct. Cl. 1979). Because the language of the statute unambiguously omits any such requirement, see 35 U.S.C. § 284 ("[T]he court may increase the damages up to three times the amount found or assessed."), and because there is no principled reason for continuing to engraft a willfulness requirement onto section 284, I believe we should adhere to the plain meaning of the statute and leave the discretion to enhance damages in the capable hands of the district courts. Accordingly, I agree that Underwater Devices, Inc. v. Morrison-Knudsen Co., 717 F.2d 1380 (Fed. Cir. 1983), should

be overruled and the affirmative duty of care eliminated. I would also take the opportunity to overrule the Beatrice Foods line of cases to the extent those cases engraft willfulness onto the statute. I would vacate the district court's order and remand for the court to reconsider its ruling in light of the clear and unambiguous language of section 284.

In order to reach this conclusion that enhanced damages should not be limited by willfulness, it is appropriate to place the issue of enhanced damages in the proper historical perspective. Treble damages were first introduced into American patent law by the Act of February 21, 1793, which allowed the patentee to recover, in an action at law, "a sum, that shall be at least equal to three times the price, for which the patentee has usually sold or licensed to other persons, the use of [the invention]." Act of Feb. 21, 1793, ch. 11, § 5, 1 Stat. 318, 322. The Act of April 17, 1800, allowed the patentee to recover, also in an action at law, "a sum equal to three times the actual damage sustained by [the] patentee." Act of Apr. 17, 1800, ch. 25, § 3, 2 Stat. 37, 38. Notably, however, neither of these acts permitted the courts discretion in assessing treble damages.

Such discretion was not conferred upon the courts until the Act of July 4, 1836, which provided that "it shall be in the power of the court to render judgment for any sum above the amount found by [the] verdict as the actual damages sustained by the plaintiff, not exceeding three times the amount thereof, according to the circumstances of the case." Act of July 4, 1836, ch. 357, § 14, 5 Stat. 117, 123 (emphasis added). Nothing in the phrase "according to the circumstances of the case" implies that the district court's discretion to award enhanced damages is contingent upon a find-

ing of willfulness. Indeed, one deficiency identified in pre-1836 patent law was the insufficiency of damages in compensating deserving patentees. Sen. John Ruggles, S. Report Accompanying Senate Bill No. 239, at 6 (Apr. 28, 1836) (explaining that pre-1836 patent law "offer[ed] an inadequate remedy for the [infringement] injury, by giving an action of damages"). At the same time, pre-1836 patent law was criticized for its limited standards regarding the granting of patents, which led to abusive wielding of the treble-damages club by undeserving patentees. See id. at 3-4 (describing the "reprehensible" practice of patentees in possession of "patents for what has been long in public use, and what every one has therefore a right to use," who, "being armed with the apparent authority of the Government, having the sanction of its highest officers the seal of state, scour[] the country, and by threats of prosecution, compel[] those who are found using the thing patented, to pay the patent price or commutation tribute"). It would appear, then, that the 1836 Act was intended to control not only the grant of unwarranted patents, but also to restore the flexibility of remedy that is the traditional judicial province.

Moreover, due to the division of law and equity, a patentee having no basis for invoking the equitable jurisdiction of a federal court was limited to legal remedies in an action on the case. Though the court's equitable powers—such as the power to grant discovery into a defendant's affairs in order to determine damages—might still be accessible to the patentee, access to such powers was not guaranteed. See Sinclair Refining Co. v. Jenkins Petroleum Process Co., 289 U.S. 689, 696 (1933) ("To hold that the plaintiff in an action at law may have discovery of damages is not to say that the remedy will be granted as

a matter of course, or that protection will not be given to his adversary against impertinent intrusion."). Even if discovery was granted in an action on the case, the patentee had no basis for collecting the infringer's profits through an equitable action for an injunction and accounting. See Root v. Ry., 105 U.S. 189, 215-216 (1882). As such, actual damages provable at law—though not "inadequate" in the equitable sense—could nevertheless be less than sufficient to compensate the patentee. In such a case, a discretionary enhancement of damages would be appropriate for entirely remedial reasons, irrespective of the defendant's state of mind.

Apart from the difficulties created by the old law and equity division, a district court might decide to enhance a patentee's damages to overcome other obstacles. For example, assume that a substantial portion of a defendant's sales data is inadvertently but irretrievably lost prior to discovery. In such a case, a successful plaintiff, through no fault of its own, might be unable to prove the real extent of damage caused by the infringement. It would be entirely reasonable, in my judgment, for the district court to exercise its statutory discretion and enhance the damage award by some measure. Another foreseeable situation is one in which a plaintiff, having successfully secured a damage award for past infringement, moves for a permanent injunction. However, in order to avoid manifest injustice, a multiplicity of suits, etc., the district court might reasonably determine that monetary relief in the form of enhanced damages is more appropriate than an injunction. See, e.g., City of Harrisonville v. W. S. Dickey Clay Mfg. Co., 289 U.S. 334 (1933); New York City v. Pine, 185 U.S. 93 (1902); Restatement (Second) of Torts § 951 (1979); see also eBay Inc. v. MercExchange L.L.C., 547 U.S. ___, 126

S. Ct. 1837, 1839 (2006) ("The decision to grant or deny permanent injunctive relief is an act of equitable discretion by the district court, reviewable on appeal for abuse of discretion."). Yet, by reading a willfulness requirement into the statute, we are unnecessarily confining enhanced damages to a subset of cases where punitive awards are appropriate, and thereby restricting district courts from exercising legitimate, remedial options of the type discussed above.

In spite of our seemingly unequivocal holding in cases like Beatrice Foods, our case law has not been entirely consistent with respect to enhanced damages. We have recognized a remedial aspect of such damages in at least three precedential opinions. See King Instrs. Corp. v. Perego, 65 F.3d 941, 951 n.6 (Fed. Cir. 1995) ("The problem of inadequate compensation when damages are based on a reasonable royalty has been expressly recognized in several cases. . . . The solutions suggested include awards of treble damages, attorney fees and prejudgment interest, . . . , and discretionary awards of greater than a reasonable royalty[.] . . . Such discretionary increases may be appropriate where plaintiffs cannot prove direct and foreseeable damages in the form of lost profits." (emphasis added)); Rite-Hite Corp. v. Kelley Co., 819 F.2d 1120, 1126 (Fed. Cir. 1987) ("Whether or not 'willfulness' is found, the court has authority to consider the degree of culpability of the tortfeasor. 'The measure of damages, as indeed the assessment of attorney fees, provides an opportunity for the trial court to balance equitable concerns as it determines whether and how to recompense the successful litigant.'" (quoting S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc., 781 F.2d 198, 201 (Fed. Cir. 1986)) (emphasis added)); Stickle v. Heublein, Inc., 716 F.2d

1550, 1563 (Fed. Cir. 1983) ("As a final matter we would add that the trial court may award an amount of damages greater than a reasonable royalty so that the award is 'adequate to compensate for the infringement.' . . . Such an increase, which may be stated by the trial court either as a reasonable royalty for an infringer (as in Panduit) or as an increase in the reasonable royalty determined by the court, is left to its sound discretion." (emphasis altered)).[1]

Our occasional recognition of this remedial aspect of section 284 is not surprising because it is practically dictated by the Supreme Court's reasoning in

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[1] And in one nonprecedential opinion, see Fed. Cir. R. 37.1(d), this court actually remanded a case for the district court to consider increasing damages for remedial reasons:

> As to the claim for increased damages under 35 U.S.C. § 284, contrary to the district court's holding, the authority to increase damages is not restricted to exceptional circumstances. Damages should be increased where necessary to afford full compensation for infringement. See General Motors Corp. v. Devex Corp., [461 U.S. 648 (1983)]. Under the circumstances of this case and considering that there will be a trial on damages, we remand on the question of increased damages so that the district court can take the evidence at trial on damages into account in determining that question.

Sherman Indus., Inc. v. Proto-Vest, Inc., 732 F.2d 168 (Fed. Cir. 1984) (table) (emphasis added); see also Code-Alarm, Inc. v. Electromotive Techs. Corp., Nos. 96-1368, 96-1369, and 96-1385, 1997 U.S. App. LEXIS 13031, at *4 (Fed. Cir. 1997) (nonprecedential) ("In cases where awarding damages based on a reasonable royalty does not adequately compensate the patentee, it is also within the district court's discretion to award damages that exceed a reasonable royalty."); Aptargroup, Inc. v. Summit Packaging Sys., Nos. 97-1475 and 97-1484, 1998 U.S. App. LEXIS 28047, at *24-*25 (Fed. Cir. 1998) (nonprecedential) (same).

General Motors Corp. v. Devex Corp., 461 U.S. 648 (1983) ("GM" or "Devex"), which deals with the standard for awarding interest under the very same statute. Prior to 1946, the patent laws of the United States did not contain a provision relating to any interest due to a prevailing patentee in a suit for infringement; however, interest was nevertheless awarded under the common law rule—referred to as the Duplate standard—that, in the absence of bad faith on the part of the defendant, interest did not accrue on unliquidated damages. See, e.g., Duplate Corp. v. Triplex Safety Glass Co. of N. Am., 298 U.S. 448, 459 (1936). In 1946, however, Congress statutorily made available to prevailing patentees "interest, as may be fixed by the court." Act of Aug. 1, 1946, Pub. L. No. 79-587, 60 Stat. 778. In 1952, this provision underwent minor, non-substantive modification, to become today's statute, i.e., 35 U.S.C. § 284 (providing to prevailing patentees "interest . . . as fixed by the court"). Act of July 19, 1952, Pub. L. No. 82-593, 66 Stat. 792, 813. As is evident from the plain language of both the 1946 and the 1952 Acts, Congress did not answer with these enactments the question of whether the Duplate standard should apply to interest awards under these statutory provisions.

That question was squarely presented in GM, and the Supreme Court held that no bad-faith standard should be read into section 284. Id. at 653 ("On the face of § 284, a court's authority to award interest is not restricted to exceptional circumstances, and there is no warrant for imposing such a limitation. When Congress wished to limit an element of recovery in a patent infringement action, it said so explicitly. With respect to attorney's fees, Congress expressly provided that a court could award such fees to a prevailing party only 'in exceptional cases.' 35 U.S.C.

§ 285. The power to award interest was not similarly restricted."). The Court also observed that "[t]he standard governing the award of prejudgment interest under § 284 should be consistent with Congress' overriding purpose of affording patent owners complete compensation." Id. at 655. Thus, because "an award of prejudgment interest is necessary to ensure that the patent owner is placed in as good a position as he would have been in had the infringer entered into a reasonable royalty agreement," id. at 655, the Court held that "prejudgment interest should be awarded under § 284 absent some justification for withholding such an award," id. at 657.

While the issue in GM was "[t]he standard governing the award of prejudgment interest under § 284," id. at 655, the rationale underlying the GM holding applies with equal force to enhanced damages, and it is in direct dialectic tension with some of this court's case law concerning the standard governing the award of such damages. The statutory-language argument applies with equal force to both interest and enhanced damages; just as prejudgment interest may be awarded in other than "exceptional cases" under the plain language of the statute, so too may enhanced damages. Moreover, discretionary use of enhanced damages to achieve remedial goals is likewise "consistent with Congress' overriding purpose of affording patent owners complete compensation." Id.

The fact that the interest provision of section 284 was previously only a creature of common law does not diminish the applicability of GM to the provision for enhanced damages. In GM, the Court explained:

> There is no basis for inferring that Congress' adoption of the provision concerning interest merely incorporated the Duplate standard. This

> is not a case in which Congress has reenacted statutory language that the courts had interpreted in a particular way. In such a situation, it may well be appropriate to infer that Congress intended to adopt the established judicial interpretation. See, e.g., Herman & MacLean v. Huddleston, 459 U.S. 375, 384-386 (1983); Lorillard v. Pons, 434 U.S. 575, 580-581 (1978). In this case, however, the predecessor statute did not contain any reference to interest, and the 1946 amendments specifically added a provision concerning interest in patent infringement actions. We cannot agree with petitioner that the only significance of Congress' express provision for the award of interest was the incorporation of a common-law standard that developed in the absence of any specific provision concerning interest.

GM, 461 U.S. at 653-54. But unlike prejudgment interest, a provision for enhanced damages has been a part of nearly every patent act since 1790. Therefore, we can reasonably and logically conclude that the enhanced damages permitted by section 284 are not inherently exempt from the inference that Congress was merely reenacting consistently-interpreted statutory language with the 1952 Act.

Nevertheless, the inference is not warranted in this case because pre-1952 interpretations of the enhanced damages statutes have at times explicitly recognized a remedial aspect. See, e.g., Clark v. Wooster, 119 U.S. 322, 326 (1886) ("It is a general rule in patent causes, that established license fees are the best measure of damages that can be used. There may be damages beyond this, such as the expense and trouble the plaintiff has been put to by

the defendant; and any special inconvenience he has suffered from the wrongful acts of the defendant; but these are more properly the subjects of allowance by the court, under the authority given to it to increase the damages."); Birdsall v. Coolidge, 93 U.S. 64, 69-70 (1876) (explaining that the provision making treble damages available in equity helps ameliorate the "manifest injustice . . . done to the complainant in equity suits [under prior law], by withholding from him a just compensation for the injury he sustained by the unlawful invasion of his exclusive rights").

It is also noted that the Supreme Court cases cited in this court's opinion—only one of which pre-dates the 1952 Act—do not hold that a finding of willfulness is necessary to support an award of enhanced damages. See ante at 6-7. At most, those cases merely stand for the uncontroversial proposition that a finding of willfulness is sufficient to support an award of enhanced damages. See Dowling v. United States, 473 U.S. 207, 227 (1985) ("Despite its undoubted power to do so, however, Congress has not provided criminal penalties for distribution of goods infringing valid patents. . . . [n.19] Congress instead has relied on provisions affording patent owners a civil cause of action. 35 U.S.C. §§ 281-294. Among the available remedies are treble damages for willful infringement."); Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, 508 (1964) (explaining that the patentee "could in a case of willful or bad-faith infringement recover punitive or 'increased' damages under the statute's trebling provision"); Seymour v. McCormick, 57 U.S. 480, 489 (1854) ("The power to inflict vindictive or punitive damages is committed to the discretion and judgment of the court within the limit of trebling the actual damages found by the jury."). Those cases cannot be interpreted to mean

that enhanced damages are limited to a finding of willfulness.

To the extent this court relies on interpretations of other statutes to support its reading of 35 U.S.C. § 284, those statutes fail to ground the postulate. For example, the court analogizes section 284 to 17 U.S.C. § 504(c) of the Copyright Act in order to demonstrate that a showing of recklessness is required to support an award of enhanced damages. Ante at 10-11. That comparison is unconvincing, however, because section 504(c) actually uses the word "willfully" to describe the threshold state of mind necessary to justify an award of enhanced damages, whereas section 284 does not. The court draws a similar analogy between section 284 and 15 U.S.C. § 1681n(a) of the Fair Credit Reporting Act ("FCRA"), the latter having recently been interpreted by the Supreme Court to require a showing of objective recklessness to support enhanced damages. Safeco Ins. Co. of Am., Inc. v. Burr, 551 U.S. ___, 127 S. Ct. 2201 (2007). By contrasting the language of 15 U.S.C. § 1681n(a)—which uses the word "willfully" to describe the threshold state of mind necessary to justify an award of enhanced damages under the FCRA—with the language of 15 U.S.C. § 1681o(a)—which uses the word "negligent" to describe the threshold state of mind necessary to justify an award of actual damages under the FCRA—this court concludes that the negligence-like state of mind established by Underwater Devices as necessary and generally sufficient to justify an award of enhanced damages under section 284 of the Patent Act is inconsistent with the objective recklessness standard of Safeco. Ante at 11-12. As with the copyright statute, the problem with this court's logic is that it depends on the assumption that section 284 also uses the word "willfully," which of course it does

not. This assumption, unwarranted for several reasons already discussed, is additionally discordant with the Supreme Court's emphasis in Safeco on adherence to statutory language. See 127 S. Ct. at 2209 (relying on the "interpretive assumption that Congress knows how we construe statutes and expects us to run true to form"); cf. eBay, Inc. v. Mercexchange, L.L.C., 547 U.S. ___, 126 S. Ct. 1837, 1839 (2006) ("Nothing in the Patent Act indicates that Congress intended . . . a departure [from the traditions of equity in granting injunctions]. To the contrary, the Patent Act expressly provides that injunctions 'may' issue 'in accordance with the principles of equity.'"). We should take this opportunity to bring patent law regarding damages into the mainstream of the general law and avoid the necessity of carving a special niche for the realm of patent law.

It is also important to note several other contexts in which enhanced damages allowed by statute have a remedial purpose. See, e.g., 15 U.S.C. § 1117(a) (discretionary award of up to three times actual damages "shall constitute compensation and not a penalty"); Cook County v. United States, 538 U.S. 119, 130 (2003) ("To begin with it is important to realize that treble damages have a compensatory side, serving remedial purposes in addition to punitive objectives. . . . While the tipping point between pay-back and punishment defies general formulation, being dependent on the workings of a particular statute and the course of particular litigation, the facts about the FCA show that the damages multiplier has compensatory traits along with the punitive."); Agency Holding Corp. v. Malley-Duff & Associates, Inc., 483 U.S. 143, 151 (1987) ("Both RICO and the Clayton Act are designed to remedy economic injury by providing for the recovery of treble damages, costs,

and attorney's fees."); Am. Soc'y of Mech. Eng'rs v. Hydrolevel Corp., 456 U.S. 556, 575 (1982) ("It is true that antitrust treble damages were designed in part to punish past violations of the antitrust laws. . . . But treble damages were also designed to deter future antitrust violations. . . . Moreover, the antitrust private action was created primarily as a remedy for the victims of antitrust violations."); Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc., 429 U.S. 477, 485-86 (1977) ("Section 4 [of the Clayton Act], in contrast, is in essence a remedial provision. It provides treble damages to '[a]ny person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws . . . .' Of course, treble damages also play an important role in penalizing wrongdoers and deterring wrongdoing, as we also have frequently observed. . . . It nevertheless is true that the treble-damages provision, which makes awards available only to injured parties, and measures the awards by a multiple of the injury actually proved, is designed primarily as a remedy.").

Simply put, interpretations of the precursors to section 284, of section 284 itself, and of any other enhanced damages statutes give rise to no inference that Congress was merely reenacting consistently-interpreted statutory language with the 1952 Act. That inconsistency seems to abound in the case law is nothing new. According to Professor Chisum, "[w]hether the purpose of an increased damage award should be exemplary (i.e. to punish and deter flagrant acts of patent infringement) or compensatory (i.e. to compensate the patent owner for immeasurable expenses and losses) is a longstanding controversy in the law. Perhaps the best view is that increased awards combine both purposes." 7 Donald S. Chisum, Chisum on Patents § 20.03[4][b][iii]

(2002).[2] Thus, while some courts have held that a finding of willfulness is necessary to support an award of enhanced damages, other courts have taken a remedial view of the statute. See, e.g., Saturn Mfg., Inc. v. Williams Patent Crusher & Pulverizer Co., 713 F.2d 1347, 1358 (8th Cir. 1983) ("It appears that the district court imposed a higher standard, the exceptional circumstances standard, in denying increased damages. Although an award of increased damages is discretionary under the statute and the decided cases, nonetheless in view of the analysis in Devex that section 284 does not incorporate the exceptional circumstances standard of section 285, . . . we feel it appropriate to remand this issue to the district court for further consideration in light of Devex.");[3] Trio Process Corp. v. L. Goldstein's Sons, Inc., 638 F.2d 661, 663 (3d Cir. 1981) ("Because it is often difficult in patent litigation to measure with mathematical precision a patentee's damages, the enhancement provision of the statute is designed to permit, inter

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[2] Without citation, Chisum summarily asserts that "[t]he power to increase is triggered only when the infringer's conduct warrants an exemplary award." 7 Chisum § 20.03[4][b][iii]. No Supreme Court case supports this proposition. I also discern no principled basis for inferring such a proposition. If Congress was concerned with ensuring that patentees are fully compensated for infringement, there would seem to be no reason to condition full compensation upon a showing of culpable conduct.

[3] In Saturn, the district court appears to have drawn a distinction between willfulness and "exceptional circumstances," holding the latter to require proof of more egregious behavior. The Eighth Circuit reversed, instructing the district court that its finding of willfulness could support an award of enhanced damages. Importantly, however, the Eighth Circuit did not hold that willfulness is required to make such an award.

alia, adequate compensation for an infringement where strict legal rules would not afford it.").[4]

To be sure, the majority rule has been that an award of enhanced damages pursuant to section 284 requires a finding of willfulness. 7 Chisum § 20.03[4][b][iii]. However, the existence of this "long-standing controversy" adequately demonstrates that Congress was not merely reenacting consistently-interpreted statutory language with the 1952 Act so as to justify the inference suggested in GM. Therefore, I am of the judgment that this court should not continue to read a willfulness requirement into section 284, to support the enhancement of damages. That said, willfulness remains a relevant consideration under section 284. Thus, to the extent Convolve seeks to demonstrate that Seagate is willfully infringing its patents, I agree with the court that it is appropriate to follow the Supreme Court's statutory interpretation in Safeco. See 127 S. Ct. at 2209 (explaining that its interpretation of "willfully" adheres to "the general rule that a common law term in a statute comes with a common law meaning"). Under my reading of Safeco, which I believe is consistent with that of this court, Convolve must show, by clear and convincing evidence, (1) that Seagate's theory of noninfringement/invalidity, was not only incorrect, but was objectively unreasonable, and (2) that Seagate ran a risk of infringing Convolve's patents substantially greater than the risk associated with a theory of noninfringement/invalidity that was merely careless. See id. at 2215 (holding that a defendant "does not act in reckless disregard of [a statute] unless the action is not only a violation under a

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[4] These cases, while not binding on this court, are persuasive authority nonetheless.

reasonable reading of the statute's terms, but shows that the [defendant] ran a risk of violating the law substantially greater than the risk associated with a reading that was merely careless").

If Convolve is unable to show the former, Seagate cannot be found to have willfully infringed, regardless of any evidence of its subjective beliefs. See id. at 2216 n.20 ("To the extent that [the plaintiffs] argue that evidence of subjective bad faith can support a willfulness finding even when the [defendant's] reading of the statute is objectively reasonable, their argument is unsound."); see also id. at 2215 (explaining that "there is no need to pinpoint the negligence/recklessness line [where the defendant's] reading of the statute, albeit erroneous, was not objectively unreasonable"). Thus, Seagate's subjective beliefs may become relevant only if Convolve successfully makes this showing of objective unreasonableness. See id. at 2216 n.20 (leaving open the possibility that "good-faith reliance on legal advice should render [defendants] immune to claims [of willfulness]"). Because no finding of objective unreasonableness has yet been made in this case, the issues of attorney-client privilege and work product may not even need to be confronted. As such, it is premature to comment on the scope of the waiver of the attorney-client privilege and work-product protection.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Miscellaneous Docket No. 830

IN RE SEAGATE TECHNOLOGY, LLC,
Petitioner.

NEWMAN, Circuit Judge, concurring.

I join the court's holding that a voluntary waiver of the attorney-client privilege and work product protection as to patent opinion counsel is not a waiver of any privilege or protection as to litigation counsel. I also agree with the separate decision to overrule Underwater Devices, but only because that case has been misapplied, in the extremis of high-stakes litigation, to mean that "due care" requires more than the reasonable care that a responsible enterprise gives to the property of others. The obligation to obey the law is not diminished when the property is "intellectual." However, experience, and the exhortations of the amici curiae, have persuaded me that we should reduce the opportunities for abusive gamesmanship that the "due care" standard apparently has facilitated.

The thrust of Underwater Devices was that patent property should receive the same respect that the law imposes on all property. Industrial innovation would falter without the order that patent property contributes to the complexities of investment in technologic R&D and commercialization in a competitive marketplace. The loser would be not only the public, but also the nation's economic vigor. So I am sympathetic

when told of the disproportionate burdens that a rigorous reading of Underwater Devices has placed on otherwise law-abiding commercial enterprise. Thus, to the extent that Underwater Devices has been applied as a per se rule that every possibly related patent must be exhaustively studied by expensive legal talent, lest infringement presumptively incur treble damages, I agree that the standard should be modified.

Although new uncertainties are introduced by the court's evocation of "objective standards" for such inherently subjective criteria as "recklessness" and "reasonableness," I trust that judicial wisdom will come to show the way, in the common-law tradition. The standards of behavior by which a possible infringer evaluates adverse patents should be the standards of fair commerce, including reasonableness of the actions taken in the particular circumstances. It cannot be the court's intention to tolerate the intentional disregard or destruction of the value of the property of another, simply because that property is a patent; yet the standard of "recklessness" appears to ratify intentional disregard, and to reject objective standards requiring a reasonable respect for property rights.

The remedial and deterrent purposes of multiplied damages, and their measure for a particular case, are best established by the district court in light of the original purposes of 35 U.S.C. §284, as set forth in Judge Cajarsa's concurring opinion. The fundamental issue remains the reasonableness, or in turn the culpability, of commercial behavior that violates legally protected property rights.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

[August 24, 2007]

Appeal No. 06-M830

IN RE SEAGATE TECHNOLOGY, LLC

ERRATA

Precedential Opinion

Decided: August 20, 2007

In the opinion for the court, the following changes have been made:

On page 8, lines 15-16, "Quantum Corp. v. Plus Development Corp., 940 F.2d 642, 643 (Fed. Cir. 1991)" has been replaced with "Quantum Corp. v. Tandon Corp., 940 F.2d 642, 643 (Fed. Cir. 1991)". (App. 13a (line 10))

On page 21, line 9, "patentee" has been changed to "party". (App. 26a (line 27))

APPENDIX B

NOTE: This order is nonprecedential

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MISCELLANEOUS DOCKET NO. 830

IN RE SEAGATE TECHNOLOGY, LLC,
Petitioner.

ON PETITION FOR WRIT OF MANDAMUS

Before MICHEL, *Chief Judge*, NEWMAN, MAYER, LOURIE, RADER, SCHALL, BRYSON, GAJARSA, LINN, DYK, PROST, and MOORE, *Circuit Judges*.

PER CURIAM.

ORDER

This petition for writ of mandamus, having been reviewed by the Motions Panel, was thereafter referred to the circuit judges who are in regular active service and authorized to request a poll on whether to hear this matter en banc. A poll was requested, taken, and the court has decided sua sponte that the petition is appropriate for en banc consideration.

IT IS ORDERED THAT:

The parties are invited to address the following questions:

(1) Should a party's assertion of the advice of counsel defense to willful infringement or

tend waiver of the attorney-client privilege to communications with that party's trial counsel? *See In re EchoStar Commc'n Corp.*, 448 F.3d 1294 (Fed. Cir. 2006).

(2) What is the effect of any such waiver on work-product immunity?

(3) Given the impact of the statutory duty of care standard announced in *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983), on the issue of waiver of attorney-client privilege, should this court reconsider the decision in *Underwater Devices* and the duty of care standard itself?

This petition will be heard en banc on the basis of the new briefs addressing, inter alia, the issues set forth above. An original and thirty copies of all briefs shall be filed, and two copies served on opposing counsel. The Petitioner shall file a brief within thirty days from the date of the filing of this order. The brief from the Respondent is due thirty days thereafter, and any reply brief from the Petitioner is due ten days thereafter. Briefs shall adhere to the type-volume limitations set forth in Federal Rule of Appellate Procedure 32 and Federal Circuit Rule 32.

Motions to file an amicus brief and to file a reply brief are denied as moot. The motion to vacate the temporary stay issued by this court is denied. MAYER, *Circuit Judge*, would grant the motion.

Briefs of amici curiae will be entertained in accordance with Federal Rule of Appellate Procedure 29 and Federal Circuit Rule 29. Scheduling of oral argument, if any, will be resolved at a later date.

FOR THE COURT

January 26, 2007
Date

/s/ Jan Horbaly
JAN HORBALY
Clerk

cc: Brian E. Ferguson, Esq.
Debra Brown Steinberg, Esq.
Alison M. Tucher, Esq.
U.S.D.C. SD/NY, Clerk
U.S.D.C. SD/NY. Judge

APPENDIX C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

[Filed JUL. 12, 2006]

ORDER

00 CV 5141 (GBD)

CONVOLVE, INC. and MASSACHUSETTS INSTITUTE OF TECHNOLOGY LLC,

Plaintiffs,

-against-

COMPAQ COMPUTER CORP. and SEAGATE TECHNOLOGY LLC,

Defendants.

GEORGE B. DANIELS, *District Judge*:

Defendant Seagate Technology LLC's July 26, 2004 motion for an order pursuant to Fed. R. Civ. P. 72(a) sustaining its objections to, and overruling, the May 28, 2004 Memorandum Order issued by Magistrate Judge Francis is DENIED.

Dated: New York, New York
July 11, 2006

SO ORDERED

/s/ George B. Daniels
GEORGE B. DANIELS
United States District Judge

APPENDIX E

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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00 Civ. 5141 (GBD) (JCF)

CONVOLVE, INC., and MASSACHUSETTS INSTITUTE OF TECHNOLOGY,
Plaintiffs,

- against -

COMPAQ COMPUTER CORP. and SEAGATE TECHNOLOGY, INC.,
Defendants.

MEMORANDUM AND ORDER

JAMES C. FRANCIS IV
UNITED STATES MAGISTRATE JUDGE

The plaintiffs in this action have sued the defendants, Seagate Technology, Inc. ("Seagate") and Compaq Computer Corp. ("Compaq"), alleging, among other claims, willful patent infringement of the plaintiffs' computer disk drive technology. The defendants, in turn, assert that they acted in good faith because they relied on the advice of counsel. They concede that by relying on an advice-of-counsel defense, they have waived the attorney-client privilege as well as work product immunity with respect to communications with and documents created by opinion counsel. At issue now are two questions that have split the courts: to what extent does reliance on advice of counsel waive the attorney-client privilege for communications with trial counsel, and does any such waiver extend to trial counsel's work product?

Background

On July 13, 2000, the plaintiffs initiated this lawsuit alleging, among other claims, theft of trade secrets and patent infringement in connection with the plaintiffs' "Input Shaping" and "Quick and Quiet" technologies. The "Input Shaping" technology permits machines to operate more quickly and quietly by reducing vibrations associated with machine movement. (Amended Complaint ("Am. Compl."), ¶ 3). The "Quick and Quiet" application is a computer control panel feature that permits users to select between the fastest or quietest performance for computer disk drives. (Am. Compl., ¶ 6).

The "Input Shaping" technology is the subject of United States patent numbers 4,916,635 (the "'635 patent") and 5,638,267 (the "'267 patent"), which were issued to the plaintiffs on April 10, 1990, and June 10, 1997 respectively. (Am. Compl., ¶¶ 3, 109). A third patent, United States patent number 6,314,473 (the "'473 patent"), was issued on November 6, 2001, and covered the plaintiffs' "Quick and Quiet" technology. (Am. Compl., ¶¶ 6, 116). On January 25, 2002, the plaintiffs filed an Amended Complaint, adding the '473 patent to their patent infringement claim (Am. Compl., ¶¶ 115-120), and seeking treble damages on the ground that the defendants' infringement of the '635 and '267 patents was "knowing, willful and deliberate." (Am. Compl., ¶ 114).

Seagate initially retained the law firm of Orrick, Herrington & Sutcliffe to serve as its trial counsel but later switched to the firm of McDermott, Will & Emery. Fish & Neave serves as trial counsel for Company

After the filing of the original complaint, Seagate retained Gerald T. Sekimura, who was then with the law firm of Limbach & Limbach L.L.P., to provide an opinion as to the legality of its conduct. Mr. Sekimura issued three written opinions. The first opinion, dated July 24, 2000 (the "7/24/00 Opinion"), concerned the '635 and '267 patents and International Application WO 99/45535 (the "'535 International Application"), which relates to technology similar to that covered by the '473 patent (Am. Compl., ¶ 4). The report reviewed the computer disk drive technology used in Seagate's products and the plaintiffs' patent claims and concluded that many of the plaintiffs' claims were invalid and that the plaintiffs had failed to show infringement by Seagate's existing products. (7/24/00 Opinion at 1-21). The report noted that further analysis was needed because only 186 of the over 340 claims made by the plaintiffs had been reviewed (7/24/00 Opinion at 1), and it noted that the '535 International Application analyzed in the report "is *not* an issued patent." (7/24/00 Opinion at 16).

On December 29, 2000, Mr. Sekimura forwarded to Seagate an "Updated Report Re Convolve Patents" (the "12/29/00 Opinion") concerning the same patents and application as the 7/24/00 Opinion. The 12/29/00 Opinion drew the same conclusions as the 7/24/00 Opinion but added, with respect to the '267 patent, that many of the plaintiffs' claims were not only invalid but may be unenforceable due to incomplete disclosures of prior art by the inventors. (12/29/00 Opinion at 2, 29). The report also recommended that further review of the '535 International Application be postponed until the U.S. Patent and Trademark Office evaluated the plaintiffs' claims to determine whether to issue a patent. (12/29/00 Opinion at 2). The report noted again that only 186 claims had been

reviewed, and that "[f]urther supplementation may be desired of this study." (12/29/00 Opinion at 1).

Finally, on February 21, 2003, Mr. Sekimura, now with the law firm of Gray Cary, provided Seagate with an opinion (the "2/21/03 Opinion") concerning the '473 patent. The report reviewed the eight "independent" and seven "dependent" claims made by the plaintiffs, and drew various conclusions regarding Seagate's non-infringement of the '473 patent and the invalidity of the plaintiffs' claims. (2/21/03 Opinion at 13-14, 32-35).

In late 2001 or early 2002, Compaq retained Michael S. Dowler of the law firm of Howrey Simon Arnold & White to prepare an opinion concerning the plaintiffs' patents. (Letter from Special Master Pasquale A. Razzano dated Sept. 18, 2003 (the "9/18/03 Order") at 2). Compaq thereafter instructed Mr. Dowler to stop work on his report after it learned of the Seagate opinions obtained from Mr. Sekimura. (9/18/03 Order at 2). Before that decision was made, however, Mr. Dowler forwarded to Compaq an email "draft opinion" or "template" that analyzed the "disclosures and prosecution histories" relating to the '635, '267, and '473 patents. (9/18/03 Order at 3). The "draft opinion" contained a "Conclusion" section, which stated, "Compaq_'s do not infringe any of the system claims. . . ." (9/18/03 Order at 3).

On July 27, 2001, the Honorable John S. Martin, to whom the case was then assigned,[1] appointed Pasquale A. Razzano to serve as a Special Master to hear and determine all discovery disputes relating to trade secret information. Pursuant to a Scheduling

[1] This case was re-assigned to the Honorable George B. Daniels on July 23, 2003.

Order issued by Mr. Razzano, both Seagate and Compaq notified the plaintiffs in early 2003 of their intent to rely on the 7/24/00, 12/29/00, and 2/21/03 Opinions from Mr. Sekimura as the basis for their advice-of-counsel defense to the claim of willful patent infringement. (Letter from Pasquale A. Razzano dated September 23, 2003 (the "9/23/03 Order") at 2-3). The defendants disclosed the three opinions to the plaintiffs, and made Mr. Sekimura available for a deposition. (Defendant Compaq Computer Corporation's Opposition to Plaintiff Convolve, Inc.'s July 10, 2003 Motion to Compel Discovery from Compaq ("Compaq Opp.") at 1-2). All "correspondences and work product (regardless of whether it was or was not communicated to Seagate)" were produced from Mr. Sekimura's files, as were communications with Mr. Sekimura in Seagate's files. (Seagate Technology LLC's Opposition to Convolve, Inc.'s Motion to Compel Discovery from Seagate ("Seagate Opp.") at 3). Moreover, two of Compaq's in-house attorneys were deposed "on the subject of opinions of counsel," (Compaq Opp. at 2).

On May 23, 2003, the plaintiffs moved to compel discovery relating to Mr. Dowler from Compaq. In an order dated September 18, 2003, the Special Master held that by asserting the advice-of-counsel defense, Compaq had waived the attorney-client and work product privileges with respect to "all opinions of counsel on the same subject." (9/18/03 Order at 5). The Special Master ordered that Compaq produce the "draft" opinion from Mr. Dowler and "all other documents relating thereto," and he ordered Mr. Dowler to appear for a deposition. (9/18/03 Order at 6-7). The Special Master excluded Compaq's trial counsel, Fish & Neave, from his order, noting that

trial counsel was the subject of a separate motion. (9/18/03 Order at 5 n.3).

On July 10, 2003, the plaintiffs again moved to compel discovery from Compaq with regard to the "work of Compaq and its various counsel, and communications among Compaq and between Compaq and others, including its counsel, which evidence relates to the infringement, validity and enforceability of the patents-in-suit." (Convolve, Inc.'s Memorandum of Points and Authorities in Support of its Motion to Compel Discovery from Compaq ("Pl. Compaq Memo.") at 2). In an order dated September 23, 2003, the Special Master ruled that Compaq must produce "all opinions communicated to it . . . by any counsel, including trial counsel, up to the date on which [Compaq] concluded [it] would rely on the Seagate opinions." (9/23/03 Order at 13) (emphasis omitted). Additionally, the Special Master ordered production of "all documents relied on or considered by such counsel . . . in connection with any opinions or information communicated to Compaq. . . ." (9/23/03 Order at 13). For the post-reliance period, the Special Master ordered that "communications between trial counsel [and Compaq]" be produced *in camera* for disclosure of "contradictory opinions of trial counsel, or those casting doubt on earlier opinions." (9/23/03 Order at 14) (emphasis omitted).

By letter dated October 1, 2003, Compaq moved for clarification of the Special Master's order, requesting a ruling on the "scope of 'opinion' discovery contemplated by the Order." (Compaq Letter to Pasquale A. Razzano dated Oct. 1, 2003 ("Compaq 10/1/03 Letter") at 3). Compaq asserted that the term "opinion" should be construed to mean "a 'formal' opinion, whether written or oral, that was provided to a client

in response to a request from the client for an opinion." (Compaq 10/1/03 Letter at 1).

On October 1, 2003, the plaintiffs moved to compel discovery from Seagate.[2] Contending that such discovery should extend beyond the "opinions" referenced in the 9/23/03 Order (Convolve, Inc.'s Memorandum of Points and Authorities in Support of its Motion to Compel Discovery from Seagate ("Pl. Seagate Memo.") at 2 n.1), the plaintiffs sought to obtain

> internal communications on the same subjects as the formal [Sekimura] opinions, communications between Seagate and any attorneys on the same subjects as the formal opinions, documents reflecting outside counsel's opinion as to the same subjects of the formal opinions, documents reviewed or considered, or forming the basis for outside counsel's opinion as to the subject matter of the formal opinions, and documents reflecting when oral communications concerning the subjects of the opinions occurred between Compaq and outside counsel.

(Pl. Seagate Memo. at 2) (emphasis omitted).

In a letter to the Special Master dated October 10, 2003, the plaintiffs asserted that a conflict of interest may exist with respect to Mr. Razzano, arising from the brief representation by Mr. Razzano's law firm, Fitpatrick, Cella, Harper & Scinto, of a defendant in another patent infringement action. [Plaintiffs' Letter to Pasquale A. Razzano dated Oct. 10, 2003 ("Pl.

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[2] While it appears from the record that some motions were made by plaintiff Convolve, Inc. ("Convolve"), and others by both plaintiffs, I will refer to all of the motions as "the plaintiffs' motions," as my ruling will apply to both plaintiffs in any event.

10/10/03 Letter")).[3] While expressing disagreement with the plaintiffs' position, the Special Master nevertheless recused himself on October 14, 2003. (Razzano 10/14/03 Letter at 3).

By letter dated October 24, 2003, the plaintiffs requested that the Honorable George B. Daniels set a pre-motion conference with respect to several outstanding discovery disputes, including the parties' disagreements over the Special Master's 9/23/03 Order. (Plaintiffs' Letter to Hon. George B. Daniels dated Oct. 24, 2003 ("Pl. 10/24/03 Letter") at 1, 4). In their letter, the plaintiffs moved for modification of the order such that the discovery ordered from Compaq not be "limited to 'opinions' and their supporting documents, but extend[] to other evidence concerning the subject matter of the opinions, i.e., validity, infringement or enforceability of the patents in suit." (Pl. 10/24/03 Letter at 4).

On December 9, 2003, Judge Daniels referred the case to me for pre-trial supervision, including resolution of the pending disputes.

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[3] A decision in the other action, *Michlin v. Canon, Inc.*, 208 F.R.D. 172 (E.D. Mich. 2002), also addressed the scope of a waiver of the privilege resulting from assertion of the advice-of-counsel defense to a claim of willful patent infringement. The plaintiffs noted that Mr. Razzano's firm had represented one of the defendants, Hewlett Packard, which later merged with Compaq. (Pl. 10/10/03 Letter). The overlap in time between Mr. Razzano's role as a Special Master in this case and his firm's representation of Compaq in *Michlin* was 19 days. (Letter of Pasquale A. Razzano to Hon. George B. Daniels dated Oct. 14, 2003 ("Razzano 10/14/03 Letter") at 2).

Discussion

A. *Legal Standards*

Under 35 U.S.C. § 284, a trial court may, at its discretion, increase the damages awarded for patent infringement to a maximum of three times the compensatory award assessed by a jury. Although not mandated by statute, such enhanced damages have been approved "where the infringer acted in wanton disregard of the patentee's patent rights, that is, where the infringement is willful." *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826 (Fed. Cir. 1992) (citations omitted); *accord Thorn EMI North America, Inc. v. Micron Technology, Inc.*, 837 F. Supp. 616, 620 (D. Del. 1993) (citing *Mathis v. Spears,* 857 F.2d 749, 754 (Fed. Cir. 1988)).

One important factor in determining the willfulness of an infringer's actions is whether legal advice was sought before the infringement occurred. *See Variable-Parameter Fixture Development Corp. v. Morpheus Lights, Inc.*, No. 90 Civ. 5593, 1994 WL 97572, at *1 (S.D.N.Y. March 18, 1994) ("[A] potential infringer having actual notice of another's patent has an affirmative duty of due care that normally requires the potential infringer to obtain competent legal advice before infringing or continuing to infringe.") (quoting *Minnesota Mining and Manufacturing Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1580 (Fed. Cir. 1992)); *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983). Where such advice is obtained, reliance on the advice must be reasonable; the central focus in a determination of willfulness is the infringer's state of mind. *See Ortho Pharmaceutical Corp. v. Smith*, 959 F.2d 936, 944 (Fed. Cir. 1992); *Thorn*, 837 F. Supp. at 620.

Where a party in a patent infringement action asserts the advice of counsel as a defense to a claim of willful infringement, it waives the attorney-client privilege as to the subject matter of the advice received. *See, e.g., Carl Zeiss Jena GmbH v. Bio-Rad Laboratories Inc.*, No. 98 Civ. 8012, 2000 WL 1006371, at *1 (S.D.N.Y. July 19, 2000); *Saint-Gobain/Norton Industrial Ceramics Corp. v. General Electric Co.*, 884 F. Supp. 31, 33 (D. Mass. 1995). This rule follows from the general principle that if privileged communications are placed "in issue" by virtue of claims or defenses in litigation, then a "broad[] subject matter waiver [of the privilege] is effected." *Oxyn Telecommunications, Inc. v. Onse Telecom*, No. 01 Civ. 1012, 2003 WL 660848, at *6 (S.D.N.Y. Feb. 27, 2003); *accord In re Grand Jury Proceedings*, 219 F.3d 175, 183 & n.4 (2d Cir. 2000) (citing 8 J. Wigmore, Evidence § 2327 (McNaughton ed., 1961)). The rule seeks to promote fairness in patent litigation, since "it would be fundamentally unfair to allow a party to disclose opinions which support its position, and simultaneously conceal those which are adverse." *Saint-Gobain*, 884 F. Supp. at 33.

As codified in Rule 26(b)(3) of the Federal Rules of Civil Procedure, the work product doctrine requires that documents "prepared in anticipation of litigation or for trial" be produced only upon a showing of: (1) "substantial need" by the discovering party and (2) "undue hardship" if the documents must be obtained by other means. Even where the required showing is made, Rule 26(b)(3) mandates that "the court shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney." Thus, such "mental impression" or "opinion" work product is accorded an even greater level of

protection. *See United States v. Adlman*, 134 F.3d 1194, 1197 (2d Cir. 1998); *Lugosch v. Congel*, 218 F.R.D. 41, 48 (N.D.N.Y. 2003).

B. *Seagate*

In this case, Seagate has asserted, as a defense to the plaintiffs' claim of willful patent infringement and enhanced damages under 35 U.S.C. § 284, that it relied on the 7/24/00, 12/29/00, and 2/21/03 Opinions from Mr. Sekimura. Seagate concedes that by asserting this defense, it has waived the attorney-client privilege and work product immunity with respect to Mr. Sekimura. (Seagate Opp. at 3). The dispute concerns the extent of the waiver with respect to attorneys other than Mr. Sekimura.

The plaintiffs contend that Seagate has waived both protections with respect to "all documents and other discovery that are relevant to the subject matter of [the Sekimura] opinions." (Pl. Seagate Memo. at 1). They seek both privileged communications and attorney work product relating to the same subject matter with regard to "any attorneys" retained by Seagate. (Pl. Seagate Memo. at 2). In light of the "heightened protections for privileged information of trial counsel," the plaintiffs request that "documents and things which post-date Seagate's reliance on the [Sekimura] opinions" be produced *in camera* so that only "evidence contradicting or casting doubt upon the [Sekimura] opinions" can be selected for disclosure. (Pl. Seagate Memo. at 2, 15).

Construing the plaintiffs' motion as seeking "only the privileged communications between trial counsel and Seagate and the work product of Seagate's trial counsel" (Seagate Opp. at 3), Seagate contends that it has not waived any privilege with respect to trial

counsel because it "never requested and never received reliance opinions from its trial counsel." (Seagate Opp. at 9). Seagate further contends that it "retained opinion counsel prior to litigation and has maintained its reliance on that counsel," and that opinion counsel was neither selected nor influenced by Seagate's trial counsel. (Seagate Opp. at 9-10). Seagate argues that the plaintiffs' motion, if granted, would have a chilling effect on communications with its trial counsel (Seagate Opp. at 2), and that a bright line should be drawn such that unless a formal opinion is issued by trial counsel, communications with that counsel should be absolutely protected. (Tr. at 51-52).[4]

1. *Attorney-Client Privilege*

As discussed above, a party that asserts the advice of counsel defense to a claim of willful patent infringement waives the attorney-client privilege as to the subject matter of the advice disclosed. This waiver extends not only to the attorney who rendered the opinion creating the waiver, but also to all other attorneys who may have advised or communicated with the client on the same subject matter. *AKEVA L.L.C. v. Mizuno Corp.*, 243 F. Supp. 2d 418, 423 (M.D.N.C. 2003) ("Since the waiver encompassed the subject matter of advice, that means that all opinions received by the client must be revealed, even those opinions the client receives from attorneys other than opinion counsel."); *accord Beneficial Franchise Co. v. Bank One, N.A.*, 205 F.R.D. 212, 217 (N.D. Ill. 2001); *D.O.T. Connectors, Inc. v. J.B. Nottingham & Co.*, No. 4:99 Civ. 311, 2001 WL 34104928, at *2 (N.D. Fla. Jan. 22, 2001); *Carl Zeiss*, 2000 WL 1006371, at

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[4] "Tr." refers to the transcript of oral argument conducted on January 20, 2004.

*1; *Fonar Corp. v. Johnson and Johnson*, 227 U.S.P.Q. 886, 887 (D. Mass. 1985). As explained by the Court in *AKEVA*:

> Practical reasons exist for this rule. The exercise of due care requires a potential infringer to act reasonably. The infringer may not pick and choose between what opinions will be relied upon and which will be discarded. The totality of the circumstances test requires that all knowledge gained by the infringer relating to the advice subject matter must be revealed so that the factfinder can make its own determination as to whether the reliance was reasonable.

243 F. Supp. 2d at 423.

Here, Seagate has placed at issue the advice of its opinion counsel, Mr. Sekimura, and it has produced the otherwise privileged opinions communicated to Seagate. Seagate has therefore waived the privilege with respect to all communications not only with Mr. Sekimura, but also with its other attorneys, including trial counsel, concerning the subject matter of Mr. Sekimura's advice. Although Seagate contends that it did not receive any "reliance opinions" from its trial counsel, this representation does not foreclose the possibility that trial counsel communicated informal opinions or oral advice. The subject matter waiver arising from the advice-of-counsel defense clearly extends to all such "communications," not just formal or written opinions. *See Beneficial*, 205 F.R.D. at 217 ("[A] party must produce not only other communications and opinions of the same attorney, but also privileged information from other counsel involving the same subject."); *D.O.T.*, 2001 WL 34104928, at *2 ("The waiver extends to communications between [the defendant] and any attorney, including trial

counsel. . . ."); *Micron Separations, Inc., v. Pall Corp.*, 159 F.R.D. 361, 363 (D. Mass. 1995) (the advice-of-counsel defense effects a "'subject matter' waiver—i.e., a waiver of all communications on the same subject matter").

With respect to the temporal scope of Seagate's waiver, it is well established that a potential infringer having "actual notice" of another's patent has a duty to exercise reasonable care, which normally includes obtaining "competent legal advice." *Minnesota Mining*, 976 F.2d at 1580. Since infringement is a continuing activity, this requirement of reasonable care is a continuing duty, meaning that the nature of any legal advice sought remains relevant "during the entire course of the alleged infringement." *AKEVA*, 243 F. Supp. 2d at 423; *accord Micron*, 159 F.R.D. at 363 ("[W]hen a party is charged with wilful infringement, what is relevant is that party's state of mind during the time when it is taking actions which allegedly infringe the patent."). Accordingly, a waiver of the privilege resulting from the advice-of-counsel defense extends throughout the period of infringement, "including up through trial." *AKEVA*, 243 F. Supp. 2d at 423; *accord D.O.T.*, 2001 WL 34104928, at *2 & n.4.[5]

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[5] While some cases, most notably *Dunhall Pharmaceuticals, Inc. v. Discus Dental, Inc.*, 994 F. Supp. 1202 (C.D. Cal. 1998), have limited the waiver of the privilege with respect to *trial counsel* to the period prior to commencement of suit, such a filing date cutoff seems inconsistent with the continuing duty of care imposed in ongoing infringement cases. The filing date rule is particularly unworkable for this case, since the opinions that triggered the waiver were not obtained until after the suit commenced, meaning that evaluating the effect of later-received contrary opinions on Seagate's state of mind would necessarily implicate the post-filing period.

Here, the plaintiffs allege that Seagate learned of the '635 and '267-patents in 1995 and 1997 respectively (Pl. Seagate Memo. at 3; Am. Compl., ¶¶ 22, 34), and that they notified Seagate of its alleged infringement of the '473 patent shortly after the patent issued in November 2001. (Tr. at 72). It is undisputed that Seagate's alleged infringement—namely, its manufacture of computer disk drives using technology that was allegedly stolen from the plaintiffs—is continuing. (Am. Compl., ¶¶ 58-62, 111, 117). Accordingly, Seagate's waiver of the privilege resulting from its advice-of-counsel defense should extend from the time it became aware of the plaintiffs' patents until such time in the future that Seagate ceases its alleged infringement. *AKEVA*, 243 F. Supp. 2d at 423; *Dunhall*, 994 F. Supp. at 1206 (privilege is waived for the "entire time period of the alleged infringement").

Next, the plaintiffs propose a subject matter limitation of Seagate's waiver such that discovery regarding trial counsel for the "post-reliance" period would be limited to "such evidence contradicting or casting doubt upon the [Sekimura] opinions," selected after *in camera* review. (Pl. Seagate Memo. at 15). This proposal mirrors the approach taken by the Special Master with respect to Compaq in his 9/23/03 Order. (9/23/03 Order at 14). While there is some case law supporting the "contradictory opinions" approach, *see, e.g., Beneficial*, 205 F.R.D. at 218; *Thermos Co. v. Starbucks Corp.*, No. 96 Civ. 3833, 1998 WL 781120, at *4-5 (N.D. Ill. Nov. 3, 1998), such a limitation does not comport with the nature of Seagate's "subject matter waiver," which extends to the entire subject matter of Mr. Sekimura's opinions—infringement, validity, and enforcement of the patents at issue. The waiver would therefore encom-

pass information that is both consistent with and contrary to Mr. Sekimura's advice. See *D.O.T.*, 2001 WL 34104928, at *2; *Dunhall*, 994 F. Supp. at 1205. Moreover, a waiver that encompasses both negative and positive information would not cause unfairness to Seagate, since the additional disclosure of favorable evidence would only bolster its advice-of-counsel defense.

Nevertheless, care should be taken to minimize the disclosure of communications pertaining to trial or litigation strategy. To be sure, trial counsel's advice that undermines the reasonableness of the client's reliance on advice of opinion counsel must be disclosed even if it is communicated in the context of trial preparation. But, at the same time, trial counsel will surely address with the client trial strategy concerning validity, infringement, and enforcement in ways that do not implicate the advice-of-counsel defense. Therefore, to the extent that Seagate wishes to withhold or redact documents that would reveal trial strategy or planning, it shall submit those documents for my *in camera* review.

For the foregoing reasons, the plaintiffs' motion with respect to Seagate's waiver of the attorney-client privilege is granted. Seagate shall produce all documents, answers to interrogatories, and deposition testimony concerning communications between Seagate (or its in-house counsel) and any of its attorneys, including trial counsel, with respect to the subject matter of Mr. Sekimura's opinions, i.e., the infringement, validity, and enforcement of the '635, '267, and '473 patents.[6] The time period of the waiver runs

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[6] To the extent that the plaintiffs' request for "internal communications on the same subjects as the [Sekimura] opinions" (Pl. Seagate Memo. at 2) refers to communications be-

from the time Seagate became aware of the patents at issue and continues until such time as Seagate's alleged infringement ends. Any communications between Seagate and its trial counsel concerning the subject matter of Mr. Sekimura's opinions that also relate to trial strategy or planning shall be submitted for my review.

2. *Work Product Immunity*

While it is well established that assertion of the advice-of-counsel defense in patent litigation creates a subject matter waiver with respect to all privileged communications, the case law is inconsistent as to whether the waiver extends to an attorney's work product. The central split in authority pertains to the issue of "uncommunicated work product," that is, work product that is not disclosed to the client.[7] On one hand, the cases that decline to order disclosure of attorney work product reason that since the primary focus in an advice-of-counsel defense is the client's state of mind, an attorney's work product is not relevant unless it is communicated to the client. *See, e.g., Nitinol Medical Technologies, Inc. v. AGA Medical Corp.*, 135 F. Supp. 2d 212, 218 (D. Mass. 2000); *Thorn*, 837 F. Supp. at 622. Cases to the contrary reason that because the standards for

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tween Seagate and its in-house counsel, that request would be covered by this order. If "internal communications" relates to individuals within Seagate who are not attorneys, such communications are not subject to the attorney-client privilege and should be disclosed in any event.

[7] As noted by the Court in *Dunhall*, uncommunicated work product is in effect the equivalent of work product generally, since "communicated work product" would be covered by the attorney-client privilege. 994 F. Supp. at 1204.

"admissibility and discoverability" differ, all evidence "reasonably calculated to lead to the discovery of admissible evidence" should be disclosed, including circumstantial evidence in an attorney's files of information that might have been communicated to the client. *Dunhall*, 994 F. Supp. at 1204 (citing Fed. R. Civ. P. 26(b)(1)). Such evidence could include information shedding light on additional oral advice that may have been given, *Matsushita Electronics Corp. v. Loral Corp.*, No. 92 Civ. 5461, 1995 WL 527640, at *2 (S.D.N.Y. Sept. 7, 1995), or unfavorable information where the inference can be drawn that it was conveyed to the client, *Electro Scientific Industries, Inc. v. General Scanning, Inc.*, 175 F.R.D. 539, 545 (N.D. Cal. 1997).

In cases where separate and independent opinion counsel render the opinion underlying the advice-of-counsel defense, some courts have ordered work product disclosure only from that counsel, absent special circumstances. As explained by the court in *AKEVA*, "courts have expressed a concern about allowing a procedure that tempts attorneys and clients to cook up an advice opinion based mainly on its palatability for the trial while withholding unfavorable information." 243 F. Supp. 2d at 424; *accord Dunhall*, 994 F. Supp. at 1204 ("A narrowly circumscribed waiver, at the discovery stage, creates a danger of a defendant utilizing favorable opinion letters while allowing unfavorable evidence to languish in their attorney's files under the protection of the work product doctrine."). Nevertheless, the *AKEVA* court declined to order full work product disclosure for trial counsel because the defendants "[were] not asserting reliance on the opinion of trial attorneys, but only the opinion

of an attorney separately retained for his opinion." 243 F. Supp. 2d at 422. The Court explained:

> [T]he broad waiver rule requiring full disclosure of documents, even if they were not given to the client, is best suited to the situation where the opinion counsel is trial counsel. In that situation, the opinion counsel has a dual role in advising the client and, thus, there is a greater need to make sure the opinion is not tainted by bias or other influences. . . . To the extent that a broader waiver of work product protection might also disclose the trial attorney has been orchestrating a sham opinion with opinion counsel, the Court finds that possibility to be sufficiently remote and more difficult to orchestrate.

Id. at 424.

The circumstances of this case are similar to those of *AKEVA*. Here, Seagate has separately retained independent opinion counsel to render advice on which Seagate relies as the basis for its advice-of-counsel defense. Seagate contends—and the plaintiffs do not dispute—that its trial counsel played no role in selecting Seagate's opinion counsel and did not influence the drafting of Mr. Sekimura's opinions. (Seagate Opp. at 9-10).[8] Where there is no evidence that trial and opinion counsel have conspired to create a "sham opinion" to gain an unfair advantage

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[8] The plaintiffs' do contend that there is a connection between trial and opinion counsel as shown by the fact that certain documents drafted by Seagate's trial counsel were later provided to opinion counsel. (Pl. Seagate Memo. at 8-9 & n.5). But those documents, along with others drafted by Convolve's counsel, were provided to opinion counsel as part of the record of the litigation and do not demonstrate an effort by Seagate's trial counsel to influence opinion counsel.

in litigation, production of the un-communicated work product of trial counsel is unwarranted. *Compare AKEVA*, 243 F. Supp. 2d at 424 (ordering full disclosure of privileged communications but not work product of trial counsel) *with K.W. Muth Co. v. Bing-Lear Manufacturing Group, L.L.C.*, 219 F.R.D. 554, 577 (E.D. Mich. 2003) (work product discoverable where defendant was "less than forthright" in disclosing oral advice of trial counsel); *Electro Scientific,* 175 F.R.D. at 540, 545 (work product waived where facts showed substantial communication between trial and opinion counsel).

The rationales advanced for a broader waiver of the work product immunity do not withstand scrutiny, at least in these circumstances. For example, the observation that the standard for discovery is broader than that for admissibility, *see Dunhall*, 994 F. Supp. at 1204, is accurate but immaterial, since the work product doctrine is specifically intended to create an immunity from *discovery*. Likewise, the contention that uncommunicated work product must be disclosed for fear that witnesses are not candid about what was communicated, *see Electro Scientific*, 175 F.R.D. at 545, is an argument that proves too much. Attorney work product could frequently be useful in challenging the credibility of a witness, but the mere suspicion that that might be the case is an insufficient basis for requiring its disclosure. Finally, while some courts that endorse a waiver of trial counsel's work product nevertheless seek to limit it to work product created before the lawsuit was filed, *see Dunhall*, 994 F. Supp. at 1205-06; *Electro Scientific*, 175 F.R.D. at 546, such a temporal constraint is illogical since a defendant's state of mind remains relevant as long as the defendant continues its alleged infringement.

For these reasons, the plaintiffs' motion to compel discovery withheld on the basis of the work product privilege is denied. Seagate's trial counsel is not obligated to disclose any work product, uncommunicated to Seagate, relating to the subject matter of the opinions issued by Mr. Sekimura.[9] However, the communicated work product of any of Seagate's attorneys is discoverable under Seagate's waiver of the attorney-client privilege. Such communicated work product shall include materials disclosing the fact or substance of Seagate's (or in-house counsel's) communications with any outside counsel; accordingly, this order encompasses the plaintiffs' request for "documents reflecting oral communications . . . between [Seagate] and outside counsel" that relate to the subject matter of the Sekimura opinions. (Pl. Seagate Memo. at 2.).

C. *Compaq*

Prior to seeking discovery from Seagate, the plaintiffs filed a similar motion concerning Compaq, requesting privileged communications and attorney work product with respect to attorneys other than Mr. Sekimura. The plaintiffs sought the "work of Compaq and its various counsel," and "communi-

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[9] This ruling does not implicate any of Seagate's attorneys other than trial counsel, since the plaintiffs have only requested work product discovery as to "outside counsel." (Pl. Seagate Memo. at 2). Seagate's "outside counsel" appear limited to its trial counsel, to whom this order applies, and its "opinion counsel," Mr. Sekimura, as to whom Seagate has conceded waiver. However, to the extent that the work product of Seagate's in-house counsel is at issue, disclosure is appropriate in any event. *See Electro Scientific*, 175 F.R.D. at 545-46 & n.4 ("[Materials] located in the files of a party's in-house lawyers would appear to bear directly on that party's state of mind.").

cations among Compaq and between Compaq and others, including its counsel," relating to the subject matter of Mr. Sekimura's opinions. (Pl. Compaq Memo. at 2). As with Seagate, the plaintiffs contended that Compaq waived both the attorney-client privilege and work product immunity with respect to all of its attorneys, including trial counsel. (Pl. Compaq Memo. at 5-7). The plaintiffs argued that any "temporal limitation" on Compaq's waiver should extend "at least through the date of reliance [on Mr. Sekimura's opinions]," since those opinions were received long after suit was filed;[10] the plaintiffs argued that they were "entitled to explore what was known to Compaq at and around the time it allegedly relied upon that opinion." (Pl. Compaq Memo. at 8, 10).

In its opposition papers, Compaq conceded waiver with respect to Mr. Sekimura's opinions, but argued that its waiver "should only extend to the opinions in [Mr. Sekimura's] opinion letter and not to every privileged communication or work product information that relates to the patents-in-suit." (Compaq Opp. at 3, 9). Compaq objected to discovery of *any* communications or work product from trial counsel, asserting that "[t]he opinions on which Compaq is relying were not drafted by Compaq's trial counsel, nor were they drafted by Compaq's outside counsel. There is no connection between the opinions and Compaq's trial counsel." (Compaq Opp. at 4). It also argued that "Compaq has not received any contrary

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[10] The parties do not appear to dispute that Compaq received at least the 12/29/00 Opinion from Seagate in or about November 2002. (Pl. Compaq Memo. at 3; Deposition of Taraneh Maghame dated May 13, 2003, attached as Exh. 1 to Convolve, Inc.'s Memorandum of Points and Authorities in Reply Re: Motion to Compel Discovery from Compaq, at 63-64).

opinion or any information that would call into question or cast doubt on the opinions in [Mr. Sekimura's opinions]." (Compaq Opp. at 5).

The Special Master issued a ruling on September 23, 2003, holding that Compaq had waived the privilege as to "any counsel, including trial counsel." (9/23/03 Order at 13). He ordered the disclosure of all "opinions" communicated to Compaq by any such counsel, as well as related work product, concerning the subject matter of Mr. Sekimura's opinions. He also imposed temporal and subject matter limitations, ordering full disclosure for the period "up to the date on which [Compaq] concluded [it] would rely on the Seagate opinions," and disclosure of "contradictory opinions . . . or those casting doubt on earlier opinions," upon *in camera* review, for the post-reliance period. (9/23/03 Order at 13-14). The parties subsequently moved for clarification and modification of the 9/23/03 Order.

1. *Law of the Case Doctrine*

The "law of the case" doctrine posits that "when a court decides upon a rule of law, that decision should [generally] continue to govern the same issues in subsequent stages in the same case." *Schwartz v. Chan*, 142 F. Supp. 2d 325, 329 (E.D.N.Y. 2001) (quoting *Arizona v. California*, 460 U.S. 605, 618 (1983)) (alteration in original). However, while the doctrine expresses a practice "generally to refuse to reopen what has been decided," it is "at best, a discretionary doctrine which does not constitute a limitation on the court's power." *Devilla v. Schriver*, 245 F.3d 192, 197 (2d Cir. 2001) (internal quotations and citations omitted); *accord Arizona*, 460 U.S. at 618. ("Law of the case directs a court's discretion, it does not limit the tribunal's power."). A prior decision

should not be revisited "absent cogent or compelling reasons." *Rezzonico v. H & R Block, Inc.*, 182 F.3d 144, 149 (2d Cir. 1999) (internal quotations and citation omitted).

Since the Special Master has already ruled on the plaintiffs' motion concerning Compaq, his 9/23/03 Order constitutes the "law of the case" for this Court. However, strict adherence to the Order may be unwarranted, as the Special Master has utilized a markedly different approach to the advice-of-counsel issues in this case from the one adopted above with respect to Seagate. Following the Special Master's ruling would therefore create inconsistent outcomes as between the two defendants and possibly cause confusion in the conduct of discovery.

Moreover, the 9/23/03 Order does not comport with the case law as construed above. Specifically, while the Special Master correctly found that by asserting the advice-of-counsel defense, Compaq waived the attorney-client privilege with respect to "any counsel, including trial counsel," he ordered only that any "opinions" of such counsel communicated to Compaq be disclosed, and that such disclosure be limited to the period preceding Compaq's decision to rely on Mr. Sekimura's opinions; only "contradictory opinions" were ordered produced for the post-reliance period. (9/23/03 Order at 13-14).

As previously discussed, the limitation of discovery to "opinions" communicated from counsel is inconsistent with the broad scope of a "subject matter waiver," which extends to "all communications on the same subject matter." *Micron*, 159 F.R.D. at 363. Moreover, the pre- and post-reliance distinction referenced in the Order is unsupported by any case authority, and appears to be an effort by the Special

Master to reconcile the case law that sets a temporal limit as of the time of suit with the fact that "the opinions involved [in this case] were rendered long after the suit was filed." (9/23/03 Order at 13). In light of Compaq's continuing duty to take reasonable care, however, any advice of counsel sought or rendered is relevant "during the entire course of the alleged infringement" up to the point of trial. *AKEVA*, 243 F. Supp. 2d at 423. Finally, the limitation to "contradictory opinions" in the post reliance period does not comport with Compaq's "subject matter waiver," which pertains to both positive and negative information received from counsel.

2. *Procedural Issues*

Compaq has raised two procedural objections that, if well-founded, could affect the weight that should be given to the law of the case doctrine. Namely, Compaq contends that the Special Master already issued a ruling on its motion for clarification during a telephone conference on September 26, 2003 (Compaq's 10/1/03 Letter at 1; Tr. at 43-44), and that the plaintiffs' motion for modification was untimely (Compaq's Letter to Hon. George B. Daniels dated October 29, 2003 ("Compaq 10/29/03 Letter") at 1-2, 5). If Compaq is correct, then the Special Master's Order would have been beyond my authority to review.

However, neither of Compaq's procedural objections has merit. With respect to the September 26 telephone conference, the Special Master unequivocally stated: "Putting aside for the moment the scope of what I intended to include within the term Opinion, [Compaq's] e-mail of Sept. 29 accurately sets forth our discussion [on September 26]. *The scope of 'Opinion' will be dealt with in response to the motion*

for clarification." (E-mail from Pasquale Razzano to Robert W. Morris and others dated Sept. 30, 2003) (emphasis added). Accordingly, Compaq's motion for clarification was *not* decided by the Special Master on September 26, 2003. With respect to timeliness, Compaq does not dispute that the Special Master extended the time to file objections to his ruling to October 24, 2003. (Compaq's 10/29/03 Letter at 5). While the plaintiffs' October 24 letter to Judge Daniels may have been styled as a request for a pre-motion conference under Local Rule 37.2 rather than a direct appeal of the Special Master's order under Rule 53 of the Federal Rules of Civil Procedure, it nevertheless raised objections to the underlying substance of the Special Master's ruling. The plaintiffs' motion for modification was therefore timely.

3. *Attorney-Client Privilege*

As discussed above, a waiver of the privilege arising from the advice-of-counsel defense waives the privilege as to the subject matter of the advice rendered. This waiver pertains not only to the attorney rendering the advice but also to all other attorneys who may have communicated with Compaq about the subject matter of the advice. Moreover, since a potential infringer has a continuing duty to seek legal advice on patents of which it is aware, the nature of the advice received and the resulting waiver of the privilege extends throughout the period of alleged infringement.

In light of these principles, Compaq's initial contention that the scope of its waiver extends only to the opinions set forth in Mr. Sekimura's reports has no merit. Under Compaq's "subject matter waiver," any communications it may have had with counsel on the issues of infringement, validity, and enforce-

ability are discoverable, even if those communications do not refer specifically to Mr. Sekimura's reports. Moreover, the fact that Compaq's trial counsel did not draft Mr. Sekimura's opinions has no bearing on the scope of waiver, since the independent advice of trial counsel concerning the subject matter in question would be probative of Compaq's state of mind.

With respect to temporal limitations, the time period of a waiver in continuing infringement cases extends, as noted above, from the time a potential infringer becomes aware of another's patent until the alleged infringement ends. Here, the plaintiffs have alleged that Compaq learned of their '635 and '267 patents in 1998 (Pl. Compaq Memo. at 3; Am. Compl., ¶¶ 23-26, 34), and that they notified Compaq of its alleged infringement of the '473 patent in November 2001. (Tr. at 9). It is undisputed that Compaq's alleged infringement is continuing. Accordingly, Compaq's waiver should extend from the time it became aware of the plaintiffs' patents until it ceases the alleged infringement.

Finally, a subject matter limitation to "contradictory opinions" is unwarranted in this case. As discussed above, Compaq's waiver extends to all communications from counsel, not just contrary advice, on the subject matter of Mr. Sekimura's opinions. Moreover, the plaintiffs need not rely on Compaq's representation that no contradictory information was received, as they are entitled to draw their own conclusions based on the discovery produced. *See Dunhall*, 994 F. Supp. at 1205 (discovery must not involve "gatekeeping by defense counsel").

Accordingly, the plaintiffs' motion to compel discovery withheld on the basis of the attorney-client

privilege is granted with respect to Compaq. Compaq shall produce all documents, answers to interrogatories, and deposition testimony concerning communications between Compaq (or its in-house counsel) and any of its attorneys, including trial counsel, with respect to the subject matter of Mr. Sekimura's opinions, i.e., the infringement, validity, and enforcement of the '635, '267, and '473 patents. The time period of the waiver shall begin at the time Compaq became aware of the patents at issue and shall not end until such time Compaq's alleged infringement ends. Any communications between Compaq and its trial counsel concerning the subject matter of Mr. Sekimura's opinions but also containing or relating to trial strategy or planning may be submitted to the Court for *in camera* review.

4. *Work Product Immunity*

As discussed above, discovery of work product, while sometimes necessary to uncover circumstantial evidence of information communicated to the client, is most appropriate in the case of opinion counsel who has been retained to render an opinion on the patents at issue. Where there is no evidence of collusion between trial and opinion counsel, disclosure of trial counsel's work product is unwarranted. As with Seagate, Compaq relies on the separate and independent advice of Mr. Sekimura as the basis of its advice-of-counsel defense, and it has unequivocally stated that its trial counsel has "no connection" with Mr. Sekimura's opinions. Accordingly, work product disclosure from Compaq's trial counsel is unwarranted.

During a hearing before this Court, plaintiffs' counsel added, "[I]f trial counsel is feeding a defendant information that says go get an opinion

because you're probably going to have to pay a reasonably royalty here, . . . [t]hat's not a reasonable opinion. It may be a perfectly reasonable opinion bought and paid for, but that's not the law." (Tr. at 61-62). As an example, plaintiffs' counsel noted, "Let's say that . . . prior to receiving an opinion on the ['473] patent, trial counsel said let's sit down together and figure out [how] not to infringe this patent, let's design around it. And the opinion of counsel that you get months later says that you didn't infringe before; . . . I think those are two pretty different things." (Tr. at 62). Plaintiffs' counsel argued, "[T]hat happened here," alleging that in October 2002, Compaq's trial counsel "worked with Compaq to design around the ['473] patent," and that subsequently, Compaq decided to rely on Mr. Sekimura's non-infringement opinion in February 2003. (Tr. at 62).

The representations of plaintiffs' counsel do not support a finding that work product privilege was waived with respect to Compaq's trial counsel. Even assuming that trial counsel rendered contrary advice prior to Compaq's reliance on Mr. Sekimura's opinions, that fact does not show that trial counsel helped obtain a "sham" or biased opinion from Mr. Sekimura, or that trial counsel colluded with Mr. Sekimura to produce an opinion favorable to Compaq in this litigation. To the extent that inconsistent advice was rendered, the nature and substance of that advice can be explored, as discussed above, through discovery of privileged communications between Compaq and its trial counsel.

Accordingly, the plaintiffs' motion to compel discovery withheld on the basis of the work product privilege is denied with respect to Compaq. Compaq's trial counsel is not obligated to produce any work

product, uncommunicated to Compaq, relating to the subject matter of the opinions issued by Mr. Sekimura. However, the communicated work product of any of Compaq's attorneys is discoverable under Compaq's waiver of the attorney-client privilege. Such communicated work product shall include materials disclosing the fact or substance of Compaq's (or in-house counsel's) communications with any outside counsel.

Conclusion

For the reasons set forth above, I grant the plaintiffs' motions to compel with respect to both defendants as to discovery withheld on the basis of the attorney-client privilege, but not as to that withheld on the basis of work product immunity. The defendants shall respond to the plaintiffs' discovery requests in accordance with this Memorandum and Order.

SO ORDERED.

/s/ James C. Francis IV
JAMES C. FRANCIS IV
UNITED STATES MAGISTRATE JUDGE

Dated: New York, New York
May 28, 2004

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APPENDIX F

TITLE 35—PATENTS

PART III—PATENTS AND PROTECTION OF PATENT RIGHTS

CHAPTER 29—REMEDIES FOR INFRINGEMENT OF PATENT, AND OTHER ACTIONS

Sec. 283. Injunction

The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.

(July 19, 1952, ch. 950, 66 Stat. 812.)

* * * *

Sec. 285. Attorney fees

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

(July 19, 1952, ch. 950, 66 Stat. 813.)